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DATED: Sept. 19, 2022

Respectfully submitted,

UNITED STATES SECURITIES AND
EXCHANGE COMMISSION


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**IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

SECURITIES AND EXCHANGE COMMISSION,	§	
	§	
Plaintiff,	§	
	§	
vs.	§	
	§	Civ. No.:
MAURICIO CHAVEZ, CRYPTOFX, LLC,	§	
GIORGIO BENVENUTO, AND	§	
CBT GROUP, LLC	§	
	§	
Defendants,	§	
	§	

DECLARATION OF JILLIAN R. HARRIS

I, Jillian R. Harris, do hereby declare under penalty of perjury, in accordance with 28 U.S.C. § 1746, that the following is true and correct, and that I am competent to testify to the matters stated herein. I have personal knowledge of the matters stated herein and if called as a witness would testify to them.

1. I am currently employed as a Staff Attorney with the United States Securities and Exchange Commission (the "Commission"), Division of Enforcement in the Fort Worth Regional Office in Fort Worth, Texas. I have been employed by the Commission since 2021. Prior to joining the Commission, I was an attorney in private practice. I am a member in good standing of the State Bar of Texas.

2. My official duties with the Commission include participating in fact-finding inquiries and investigations to determine whether the federal securities laws have been violated and assisting in the Commission's litigation of securities laws violations. This includes: (1) interviewing witnesses and taking sworn investigative testimony; (2) requesting and subpoenaing

documents from various individuals and entities; (3) reviewing and analyzing records of various entities and individuals; and (4) analyzing legal issues.

3. As part of my official duties, I was involved in the Commission's investigation of Mauricio Chavez, CryptoFX, LLC, Giorgio Benvenuto and CBT Group, LLC (the "Defendants"), to determine whether they violated federal securities laws. I became involved in the investigation in approximately October 2021.

Background

4. In connection with the Commission's investigation, the Staff identified the following individuals and entities as relevant, and I understand that:

- a. **CryptoFX, LLC** ("CryptoFX") is a cryptocurrency academy based in Houston, Texas. Beginning in or around January 2020, CryptoFX began selling securities in the form of investment packages in which CryptoFX would take investor money and trade it on cryptocurrency and/or foreign exchange platforms. CryptoFX is not registered with the Commission in any capacity, and has not filed a registration statement in connection with the offering of any securities.
- b. **Mauricio Chavez** ("Chavez") is a 41-year old male who resides in Houston, Texas. He does not appear to have any formal education or experience in finance, crypto assets, trading, investments or securities. Chavez serves as the CryptoFX CEO, and the sole trader for the company. Chavez is not registered with the Commission in any capacity.

- c. **Giorgio Benvenuto** (“Benvenuto”) is a 55-year old and resides in Houston, Texas. He is the friend and business partner of Chavez. In October 2020, he and Chavez co-founded CBT Group, LLC with Gabriel Torres.¹
- d. **CBT Group, LLC** (“CBT Group”) is a real estate development company based in Houston, Texas focused on multi-family residential development. Benvenuto served as a manager at CBT Group, and was responsible for CBT Group’s real estate acquisitions and development. Chavez was responsible for providing capital to CBT Group; the investigation reveals all of CBT Group’s capital came from CryptoFX investor funds.

5. In connection with the Commission’s investigation, I took testimony from the Chavez and Benvenuto. I subpoenaed documents from the Defendants, and reviewed this information throughout the investigation. The documents produced by the CryptoFX and Chavez are Bates-labeled “CFX.” The documents produced by Benvenuto and CBT Group are Bates-labeled “BENVENUTO.”

6. In addition, I participated in witness interviews, obtained records from investors, subpoenaed documents from banks and other third parties, and reviewed various other documents and information related to the Defendants.

7. As part of the investigation, I took the sworn testimony of Chavez on February 10, 2022 via WebEx. The relevant excerpts of his testimony transcript are attached as **Exhibit A**

8. After negotiating a second testimony date on June 8, 2022, Chavez’s counsel told the Staff he would refuse to testify, citing his privilege against self-incrimination under the Fifth

¹ We found no evidence that Gabriel Torres, who owns 5% of CBT Group, mislead investors or misappropriated investor funds.

Amendment. He agreed to sign a declaration to that effect that included a list of the matters on which he would assert his privilege. A true and correct copy of his declaration is attached hereto as **Exhibit B**.

9. As part of the investigation, I also took the testimony of Benvenuto on May 12, 2022 via WebEx. The relevant excerpts of his testimony transcript are attached as **Exhibit C**.

CryptoFX Solicitation and Misappropriation of Funds

10. During the course of my investigation, I found that CryptoFX and Chavez solicited investments – promising investors they could get them between 20-50% returns by trading their money on cryptocurrency and foreign exchange markets. A true and correct copy of an exemplar CryptoFX presentation deck is attached as **Exhibit D**. *See also* Benvenuto Test. 35:17 – 36:22; Declaration of Omar Xavier (*infra*). These investments were memorialized in the CryptoFX Venture Agreements. A true and correct copy of exemplar CryptoFX Venture Agreement is attached as **Exhibit E**.

11. In the course of this investigation, I learned CryptoFX and Chavez would solicit investors several ways. **First**, Chavez advertised CryptoFX as a “cryptocurrency learning academy” where students could learn about digital assets – once students signed up for classes, Chavez would pitch them to become investors based on his trading expertise. (*See, e.g.*, Chavez Test., 33:6 – 39:8; 85:10 – 92:12). **Second**, Chavez created the CryptoFX network referral program in which existing investors were paid to bring in new investors. (*See, e.g.*, Chavez Test., 92:20-93:25). Most recently, I have personally observed that CryptoFX has conducted frequent seminars for potential investors to gather and learn about the company. **Third**, I have also observed that CryptoFX advertises its trading services online (via e-mail and social media).

12. During the investigation, I subpoenaed multiple banks records related to the defendants. These bank records revealed that Chavez raised at least **\$12 million** in investor funds and traded less than 10 percent of the money on cryptocurrency and foreign exchange market platforms.

13. In or around November 2020, Chavez and Benvenuto began to misappropriate CryptoFX investor funds by transferring funds to their real estate development company, CBT Group. Chavez gave conflicting testimony about transferring CryptoFX investor money into the CBT Group accounts without disclosing this to CryptoFX investors, both admitting and denying that he diverted investor money to unrelated projects without investor knowledge. (*See, e.g.*, Chavez Test., 144:3-7; 145:20; 160:12-162:20). Chavez instructed these investors to make out their checks to CBT Group, so that he could funnel the money to the CBT Group account. (Benvenuto Test., 83:6-20).

14. The investigation also revealed Benvenuto took an active role in the misappropriation. Benvenuto would consistently tell Chavez to “funnel” money to CBT Group, and to have the CryptoFX investor checks ready for him to deposit into the CBT Group account. The relevant excerpts of Benvenuto and Chavez WhatsApp messages are attached as **Exhibit F**. Benvenuto deposited the individual checks into the CBT Group account. (Benvenuto Test., 82:20-84:5). Despite this, in sworn testimony, he stated he did not know where the checks were from but it was probably from “people related to the CryptoFX side of [Chavez’s] business.” (*Id.* at 83:16-19).

15. Together, the defendants misappropriated a substantial portion of the money -- approximately over \$7 million to CBT Group. It does not appear Chavez or Benvenuto ever disclosed the use of these funds to CryptoFX investors.

16. The bank records also reveal Chavez used a significant amount of investor funds on his luxurious lifestyle. Since 2020, Chavez has spent \$428,100 on car purchases, \$260,607.07 on credit card purchases, and \$222,052.36 on luxury retail purchases.

Chavez's Investment Adviser Activity

17. In the course of the investigation, I learned Chavez started a series of special classes he called the Founders Circle. (Chavez Test., 49:2-50:22). He pitched these classes as the opportunity to get personalized advice from him on trading and get his specialized trading strategy, which would give investors the opportunity to generate greater returns. (*Id.*).

18. Students would sign up, using the standard Venture Agreement, but Chavez would designate their agreement with a "FC" for Founder Circle. A true and correct copy of an exemplar Founders Circle agreement is attached as **Exhibit G**.

19. During these classes, Chavez would have students open up a digital wallet on a crypto asset platform, and teach them to execute what he purported were specialized trades on the crypto asset trading platforms. The facts reflect that he taught these students to execute trades in several crypto assets including XRP. (Chavez Test., 170:21 - 171:20); A true and correct copy of Chavez's Coinbase records are attached as **Exhibit H**.

20. However, Chavez admitted these trades were not any different from the trades he executed for the non-Founders Circle classes. (Chavez Test., 78:17 – 81:12). To give the illusion of greater profits, Chavez simply paid the Founder Circle students greater Ponzi payments into their digital wallets. (Chavez Test., 78:17 – 81:12; 82:13 – 83:21).

Ongoing Solicitation

Witnesses

21. As part of the investigation, I also interviewed witnesses about CryptoFX's current solicitation. On August 10, 2022, I spoke on the phone with Omar Xavier, a New Orleans, Louisiana resident. (*See* Xavier Dec.) He explained his friend told him about CryptoFX and described it as an investment company that could get you tax free, cash returns through cryptocurrency trading. He stated that at his friend's invitation, he went to a seminar on June 6, 2022 to learn more about the company. The seminar was at a Ramada in New Orleans, and was attended by at least 100 people. At the seminar, CryptoFX representatives were soliciting new investors, telling people they could make returns through cryptocurrency trading if they signed up, and were trying to sign up people at the seminar with a simple contract that only asked for their name and address. Xavier explained that the CryptoFX representatives asked for cash payments, and he knew several people who told him the company pays out its returns in cash exclusively.

22. On August 17, 2022, I spoke with a prospective investor on the phone. This prospective investor explained that they learned of CryptoFX through word of mouth from certain family members. They heard that CryptoFX was a way to make money fast through cryptocurrency, and the company promised to double one's investment. It was their understanding investors could get such returns in six months, and that it was an all-cash operation. In or around June 2022, this prospective investor's family members attended a CryptoFX seminar, and invested at the meeting. The prospective investor did not attend the meeting, but did speak with family members about the meeting. The meeting was held at 6859 W Addison Chicago, IL 60634. According to the prospective investor's family members, the line was out the door to get into the meeting space. The prospective investor stated they were familiar with the location, and that it was

a “dingy office space,” and there was nothing to indicate that it was CryptoFX’s offices. The prospective investor stated that this location had been abandoned for a long time.

23. This prospective investor provided the Staff with three documents. The first document is a redacted Venture Agreement. A true and correct copy of this is attached as **Exhibit I**. The second document is a redacted CFX Lifestyle invoice dated June 3, 2022 for \$5,000.² A true and correct copy is attached as **Exhibit J**. The third document is a CryptoFX Academy 2022 flyer. A true and correct copy is attached as **Exhibit K**.

24. Also on August 17, 2022, I spoke a second prospective investor on the phone. The prospective investor learned about a company called CFX Lifestyle from their aunt in April 2022. The aunt initially invested \$10,000 and was getting \$4,500 cash returns every three months. Typically, the aunt had to go to Houston to pick up her cash returns.

25. The prospective investor thought it sounded suspicious, but was curious, so they attended a CryptoFX meeting in Houston. They did not know the exact address of the meeting, but understood it to be at CryptoFX’s offices. They stated that there were about 200 attendees, all of whom spoke Spanish, and the presentation was in Spanish. They also described the CFX Lifestyle “pitch” as the following: invest with the company, and in two years you will no longer need to work. CryptoFX tells people that if you put in \$10,000 right now, you’ll have \$4,500 in three months, if you put that \$4,500 back, you can get \$14,000 in returns and so on. The presenters stated that they will invest your money in cryptocurrency day trading, and that you do not need legal documents to invest. They also stated that the money has to be in cash and they could not take investments through wire or check. The prospective investor said this did not make sense

² Based on our investigation, CryptoFX also promotes itself as CFX Academy, CFX Lifestyle LLC, CFX Academia.

because Bitcoin was going down in value, and they thought you needed an account to purchase cryptocurrency.

26. This prospective investor also stated that existing investors got recruiting bonuses if they brought people to the meetings.

27. Further, this prospective investor knew of others who have invested a lot of money into CFX Lifestyle. A relative of the prospective investor's aunt invested \$100,000 into that company. Another relative of the aunt invested almost \$1 million. This prospective investor also knows another investor that withdrew all of the money from his bank account (approximately \$300,000) and invested it because he sees this as his retirement.

28. After the meeting, this prospective investor investigated the company online, because they were afraid the company was going to disappear with people's money like other schemes. The prospective investor thought it was strange that CFX Lifestyle did not have a website, and that they did have a Facebook page, but there was not much on there.³ This investor raised concern with their aunt, who said that she spoke with the CFX Lifestyle CEO and he was a very nice person who was not running a scheme.

29. The prospective investor's aunt also told them about another upcoming meeting in Waco, Texas the weekend of August 19, 2022, where they are charging \$500 to learn about cryptocurrency day trading. According to the aunt, CFX Lifestyle holds seminars in Waco every Tuesday at 6:00 PM. There are also regular meetings held in Fort Worth.

CryptoFX Seminars

30. In the course of this investigation, I watched videos of these seminars posted online. One video was posted to YouTube on August 10, 2022 and is entitled "CFX Academy Conferencia

³ CryptoFX appears to currently have a website as described in paragraph 37.

En Houston Tx” (CFX Academy Conferencia En Houston Tx - YouTube). In the ninety-six minute video, I observed what appears to be at least 100 people gather into a hotel room and listen to a presentation on CryptoFX. Almost all of the presenters and attendees appear to be speaking Spanish.

31. The Staff transcribed and translated this video. During the presentation, a CryptoFX representative, Ismael Sanchez, discusses how CryptoFX is creating Latino millionaires, stating: “We have already created more than 3-5 millionaires in 2 years.” Sanchez goes on to state that multiple people have left their jobs because of the money they are earning through CryptoFX, and then introduces Chavez as the CryptoFX CEO. Chavez then takes over the presentation and asks, “Who is a Latino who would like to become a millionaire?” He goes on to discuss how CryptoFX is the path to financial freedom, and that “over 5,000 people make \$500,000” through CryptoFX and are using the money made from CryptoFX to buy houses, pay down debts, and retire. Throughout the presentation, multiple people give “testimonials” related to their success investing with CryptoFX. One woman, Adriana Ramirez, discusses how much CryptoFX changed her life “immensely.” She went on to describe how she worked in human resources for 15 years, but after working with CryptoFX for six months, she and her husband retired. She stated, “We live 100% [of] what CFX is.” Another woman, Maria Chavez, presents on her montly earnings, stating she’s been earning returns of \$5,000 for three months in a row. The relevant excerpts of this transcript are attached as **Exhibit L**.

32. At no time during the Houston presentation, does Chavez or any other CryptoFX representative tell potential investors that very little of investor funds are actually traded in the crypto asset or foreign exchange markets or that most investor funds are misappropriated for

unrelated estate projects, Chavez's personal spending, and Ponzi payments back to prior CryptoFX investors.

33. Another video, posted on August 11, 2022 is a Tik Tok video posted on YouTube entitled "CFX academy houston – YouTube" (CFX academy houston - YouTube). In the video, labeled "CFX Academy Houston," there is a man at the front of the room giving a presentation with a white board with dates and numbers – one of the dates is August 11, 2022, indicating that is the date of the presentation. Throughout the video, the man presents in Spanish and continues to write on the whiteboard. The presentation is entirely in Spanish, however based on our investigation it appears he presenting how much in return payments CryptoFX investors should expect.

34. Based on the investigation, it appears CryptoFX is holding seminars in Houston, New Orleans, Chicago, Waco, Fort Worth, North Carolina, and California.

35. Throughout the investigation, I also found several pictures of the CryptoFX seminars posted online. One picture depicts about 20 individuals standing around Mauricio Chavez holding certificates stating "CFX Lifestyle, Team 1 Million". A true and correct copy of this photo is attached as **Exhibit M**.

CryptoFX Website and Online Presence

36. In the course of the investigation, I found multiple examples of CryptoFX is online presence. As I described above, as recently as August, CryptoFX promoted itself on Tik Tok. CryptoFX also promotes itself via other social media outlets, including Facebook, Twitter and LinkedIn. A true and correct copy of CryptoFX's Facebook page is attached as **Exhibit N**.


37. In addition, as of August 24, 2022, CryptoFX has a live website being used to solicit new investors: <https://www.research.net/r/cfxlifestyle2022>. This website includes a questionnaire requesting investors' information and payment via cash, Bitcoin, wire transfer, Zelle, contract

payment. The website also prompts investors to choose from a list of people, and give the “Name of your leader,” presumably the CryptoFX representative who recruited the investor. One of the names, Ismael Sanchez, is the CryptoFX representative that presented at the August 2022 Houston seminar described in Paragraph 30. A true and correct copy of the screenshot of this website is attached as **Exhibit O**.

38. Chavez and CryptoFX are still soliciting investor funds and their fraud is ongoing.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Dated: September 15, 2022.


Jillian Harris

Harris Declaration

EXHIBIT A

EXHIBIT A

FW-04464

Chavez, Mauricio - 02-10-2022

2/10/2022 10:06 AM

Condensed Transcript

Prepared by:

Harris, Jill
FW-04464

Sunday, August 28, 2022

1 THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION
2
3 In the Matter of:)
4) File No. FW-04464-A
5 CRYPTOFX LLC)
6
7 WITNESS: Mauricio Chavez
8 PAGES: 11 through 271
9 PLACE: Securities and Exchange Commission
10 801 Cherry Street
11 Fort Worth, Texas 76102
12 DATE: Thursday, February 10, 2022
13
14 The above-entitled matter came on for hearing
15 via Webex, pursuant to subpoena, at 10:06 a.m.
16
17
18
19
20
21
22
23
24 Diversified Reporting Services, Inc.
25 (202) 467-9200

1 APPEARANCES:
2
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25

C O N T E N T S

3	WITNESS:	EXAMINATION	
4	Mauricio Chavez		15
5			
6	EXHIBITS:	DESCRIPTION	IDENTIFIED
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P R O C E E D I N G S

1
2 MS. HARRIS: We are on the record at
3 10:06 a.m. Central Time on February 10th, 2020.
4 Will the witness please state his
5 name.
6 MR. CHAVEZ: Mauricio Antonio
7 Chavez.
8 MS. HARRIS: And, Mr. Chavez, will
9 you please spell that out for the court reporter?
10 MR. CHAVEZ: Sure. Mauricio,
11 M-A-U-R-I-C-I-O. Antonio is A-N-T-O-N-I-O.
12 Chavez, C-H-A-V-E-Z.
13 MS. HARRIS: Okay. Mr. Chavez, do
14 you consent to taking an oath or affirmation to
15 tell the truth remotely via Webex rather than in
16 person?
17 MR. CHAVEZ: Yes, ma'am.
18 MS. HARRIS: And do you understand
19 this oath has the same effect as if it were
20 administered in person?
21 MR. CHAVEZ: Yes, ma'am.
22 MS. HARRIS: Okay. Please raise your
23 right hand.
24 Do you swear to tell the truth, the
25 whole truth and nothing but the truth?

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1 MR. CHAVEZ: Yes, ma'am.

2 Whereupon,

3 MAURICIO CHAVEZ

4 was called as a witness and, having been first
5 duly sworn, was examined and testified as
6 follows:

7 EXAMINATION

8 BY MS. HARRIS:

9 Q Okay. And do you understand that you
10 remain under oath throughout these proceedings
11 today?

12 A Yes.

13 Q Okay. So, as I said, my name is Jill
14 Harris. I'm a staff attorney here at the
15 Office -- at the Fort Worth Office of the SEC.
16 With me today are my Assistant Director, James
17 Etri, and my paralegal, Jamie Haussecker. They
18 are also Officers with the United States
19 Securities and Exchange Commission.

20 This is testimony In The Matter of
21 CryptoFX, LLC, Investigation Number FW-04464, to
22 determine whether there have been violations of
23 certain provisions of the Federal Securities
24 Laws. And also on the line is Mr. Chavez's
25 counsel, John Sklar.

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1 So, prior to opening up the record, Mr.
2 Chavez, you were provided a copy of the Formal
3 Order of Investigation in this matter. It will
4 be available for review during this proceeding.

5 Have you had an opportunity to review
6 the Formal Order?

7 A Yes, ma'am.

8 Q So, now I'm going to go over just some
9 protocol for the fact that we are appearing
10 virtually.

11 So, Mr. Chavez, do you agree to
12 disclose on the record all persons who are
13 present with you at the time -- at any time
14 during this testimony?

15 A Yes.

16 Q Other than your attorney Mr. Sklar, is
17 anyone else present with you now?

18 A No, ma'am.

19 Q Do you agree that you will not make,
20 receive or look at any communication with anyone
21 while on the record without disclosing that you
22 are doing so?

23 A Yes, ma'am.

24 Q So, this includes text messages --
25 excuse me, text messages and e-mails. Do you

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1 understand?

2 A Yes, ma'am.

3 Q Okay. We kind went through this
4 before, but I ask that everyone mute themselves
5 on breaks. You may disconnect the audio if you
6 prefer. We ask, however, that you do not exit the
7 Webex meeting. Please be mindful that while your
8 camera is on every participant will be -- still
9 be able to see you even if you can't see them.

10 We will be showing you documents
11 through the Webex platform. Do you agree that
12 you will not refer to or look at any documents,
13 electronic devices or other materials other than
14 what is disclosed on the record?

15 A Yes.

16 Q You need to look -- if you need to look
17 at anything other than the exhibits that I have
18 provided, please inform me on the record of the
19 document that you wish to look at or reference.

20 A Okay.

21 Q Do you agree to not make any visual or
22 audio recording of any part of this testimony?

23 A Yes, ma'am.

24 Q The exhibits we will show you today are
25 confidential materials in this investigation and

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1 property of the Commission. You may not take a
2 screen shot, photograph or otherwise copy or
3 preserve the image of any of the exhibits or
4 documents shared today. Do you understand and
5 agree with this?

6 A Yes.

7 Q Any other -- do you have any questions
8 about any of these protocols, Mr. Chavez?

9 A No, ma'am.

10 Q So, Mr. Chavez, it's my understanding
11 that this is your first time giving testimony; is
12 that right?

13 A That is correct.

14 Q Okay. So, what I like to do with any
15 of my witnesses is just go over a couple of
16 admonishments mostly to make a clean record for
17 our court reporter here. So, let me kind of go
18 through those and then we will dive into the
19 substance of my questions.

20 So, we have a court reporter. We are
21 virtual. So, we have to have kind of a clean
22 record. So, I ask that you let me finish my
23 question before you answer and I will let you
24 finish your answer before I ask another question.
25 It just helps the court reporter immensely. As

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1 we go throughout today, Mr. Chavez, you know,
2 you're going to probably anticipate some of my
3 questions and it's going to get a little bit more
4 conversational, but just make sure before you
5 answer that I stop my question and then answer.

6 And to that end, we also need your full
7 and complete answers on the record today. Please
8 answer all questions verbally. As I said, this
9 will become more conversational as we go on
10 throughout the day. It's only natural to nod or
11 you want to say, uh-huh or hu-huh, but please try
12 and say, you know, yes or no. And again, full
13 and complete answers.

14 A Yes, ma'am.

15 Q Thank you. Lastly, there will be
16 breaks. I will try and give a break about every
17 hour or so. And please also feel free to ask for
18 a break. Just make sure that you finish your
19 answer first. So --

20 A Okay.

21 Q -- we don't want to be going to break
22 when there's a question pending.

23 Does that -- does that make sense?

24 A Yes, ma'am.

25 Q Great. Okay. So, what is up on the

Page 20

1 screen right now -- and, first, can you confirm,
2 can you see what's on the screen?

3 A Yes.

4 Q Okay.

5 A Securities and Exchange Commission.

6 Q Yes. Okay. So, that is what has been
7 previously marked as Exhibit 1. This is the Form
8 1662. This is attached to your subpoena. And so
9 I'm going to go over some of the rights that are
10 listed here.

11 As you know, you have a right to
12 counsel and you are being represented by Mr.
13 Sklar today; is that correct?

14 A That is correct.

15 Q You are under oath today and it is a
16 crime to knowingly mislead members of the staff.
17 Do you understand?

18 A Yes, ma'am.

19 Q You have a right under the Fifth
20 Amendment of the United States not to give
21 testimony that might incriminate you criminally.
22 Do you understand?

23 A Yes, ma'am.

24 Q Great. Okay.

25 MS. HARRIS: I'm going to ask Jamie to

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1 put up what is previously marked as Exhibit 2,
2 the October 27th subpoena for documents and
3 testimony for Mr. Chavez.

4 Q Mr. Chavez, do you recognize this
5 subpoena?

6 A Yes, ma'am.

7 Q Okay. And you did not appear in
8 response to this subpoena; is that correct? This
9 particular subpoena was served on October 27th,
10 2021.

11 A Yes, ma'am, correct.

12 Q Okay.

13 MS. HARRIS: I'm going to ask Jamie to
14 put up what has been previously marked as Exhibit
15 3 which is the October 27th, 2021 subpoena for
16 documents and testimony for CryptoFX, LLC.

17 Q Mr. Chavez, do you recognize that --
18 this subpoena?

19 A Yes, ma'am.

20 Q Okay.

21 MS. HARRIS: Now I'm going to ask Jamie
22 to put up Exhibit 9.

23 (SEC Exhibit No. 9 was marked
24 for identification.)

25 Q This is the December 22nd, 2021

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1 subpoena for documents and testimony directed at
2 you, Mr. Chavez.

3 Mr. Chavez, do you recognize this
4 subpoena?

5 A Yes, ma'am.

6 Q And you're appearing today in response
7 to this subpoena, correct?

8 A Correct.

9 Q Did you do anything to prepare for your
10 testimony today?

11 A Yes, ma'am.

12 Q Tell me what you did.

13 A Went over everything with my attorney
14 regarding the subpoena, every point in the
15 subpoena and my background information as well,
16 gather information to prepare to give all the
17 documentation necessary -- necessary the
18 Commission needed.

19 Q Did you review documents in connection
20 with your preparation?

21 A Yes, ma'am.

22 Q Can you describe the documents that you
23 reviewed?

24 A Yes. The subpoena was one of the
25 documents that I reviewed, background

Page 23

1 testimony -- the background information as well,
2 and the material that was sent to -- to your
3 office as well.

4 Q When you say, material sent to our
5 office, you mean the documents that were
6 responsive to the subpoena?

7 A Yes, ma'am.

8 Q Okay. Was your recollection refreshed
9 by reviewing these documents?

10 A Could you repeat that? I'm sorry.

11 Q Sure. Was your recollection refreshed
12 by reviewing these documents?

13 A Yes, ma'am.

14 Q Okay. Did you talk to anyone else
15 about the subpoena?

16 A No, ma'am. No one besides my attorney.

17 Q Okay. Understood.

18 So, this subpoena calls for the
19 production of certain documents on a rolling
20 basis from you. Have you provided the staff with
21 documents that have been -- that may be
22 responsive to the subpoena?

23 A No, ma'am.

24 Q Let me ask a better question --

25 MR. SKLAR: I don't think he

Page 24

1 understood.

2 MS. HARRIS: Yeah. Let me ask a better
3 question.

4 A I'm sorry.

5 Q Okay. Am I correct in saying that you
6 have given documents that are responsive to the
7 subpoena?

8 A Yes, ma'am.

9 Q What type of documents have you
10 provided thus far?

11 A Just contracts, bank account
12 information for myself and for CryptoFX. And
13 that's all I can recall right now, ma'am.

14 Q So, the staff notes that's you're
15 currently -- that you're not currently in
16 compliance with all of the subpoena requests. Do
17 you know of any other documents that you -- that
18 we have asked for that you have in your
19 possession now?

20 A Not that I recall. I will have to get
21 with my attorney on -- on that. Not that I
22 recall, no.

23 Q Okay.

24 MS. HARRIS: I'm going to ask Jamie to
25 put up Exhibit 10 which is the December 22nd,

Page 25

1 2021 subpoena for documents for the entity
2 CryptoFX, LLC.

3 (SEC Exhibit No. 10 was
4 marked for identification.)

5 Q Mr. Chavez, do you recognize this
6 subpoena?

7 A Yes, ma'am.

8 Q And this subpoena also calls for the
9 production of documents on a rolling basis. Am I
10 correct in saying you have provided some
11 documents in response to this subpoena?

12 A Yes, ma'am.

13 Q What documents have you provided?

14 A Certain contracts, CryptoFX information
15 regarding bank accounts, information about my
16 personal bank accounts as well. That's what I
17 can recall right now.

18 Q And let me ask, where did you search
19 for documents generally to be responsive to these
20 two subpoenas?

21 A Information that I have in my office.

22 Q Okay. Have you searched hard copy
23 documents? When you say information, please
24 explain.

25 A Yes. Correct, hard copy documents that

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1 apply to the subpoena requested.

2 Q Have you looked through e-mails?

3 A Yes, ma'am.

4 Q Have you looked through text messages?

5 A Yes, ma'am.

6 Q Have you looked through any on line or
7 accounting records that you might have for -- for
8 anything for CryptoFX?

9 A Yes, ma'am.

10 Q So, the staff notes that you're not
11 currently in compliance with this subpoena. Do
12 you have documents in your possession that are
13 responsive to this subpoena that you have not yet
14 produced?

15 A Not that I can recall, but I can
16 definitely get with my attorney and provide any
17 other further information.

18 Q Okay. So, let's move on.

19 MS. HARRIS: We can take that one down.

20 Q And I will start, CryptoFX.

21 Mr. Chavez, am I correct in stating
22 that you are the founder and CEO of CryptoFX?

23 A Yes, ma'am. Correct. Myself and
24 Edward Talfinger who is deceased. He's not on
25 the -- on the actual legal -- like, the LLC

Page 27

1 status.

2 Q I'm sorry, I have to ask you to repeat
3 that answer.

4 Is it my understanding -- are you the
5 founder and CEO of CryptoFX?

6 A Yes, ma'am.

7 Q You mentioned an Eduardo. What is his
8 role?

9 A He was some -- a co-founder of CryptoFX
10 as well.

11 Q Is he currently involved with the
12 operations?

13 A No, he was. He passed away.

14 Q Okay. I'm so sorry.

15 Can you describe CryptoFX, LLC?

16 A Yes, ma'am. CryptoFX, LLC was
17 established as an academy to help people get
18 involved in the crypto space, understand the --
19 the crypto space and as a new trend that a lot of
20 people were, you know, using to explore different
21 ways of creating a -- a different type of income.
22 So, it starts with the knowledge -- help people
23 understand how they can get involved, how they
24 can start creating an account, how they can
25 understand the different aspects of the entities

Page 28

1 itself, the different types of coins that there
2 were that are in the space as well. And pretty
3 much the intention was to -- to help people
4 create a different type of -- of income
5 opportunity.

6 Q Okay.

7 A It was collateral on -- on education,
8 knowledge, understanding exactly what the purpose
9 was.

10 Q Okay. I'm going to ask you to unpack
11 that a little bit. It was an academy for people
12 to understand cryptocurrency; is that correct?

13 A Right. Yes, ma'am.

14 Q Were there teachers?

15 A Yes.

16 Q Okay. Who were the teachers?

17 A Myself. I'm one of the teachers. I'm
18 actually the one that started teaching. And
19 there was Eduardo Talfinger which is the -- my
20 co-partner that passed away. And we have other
21 people that are teachers that are teaching people
22 how to open accounts and -- and really going over
23 different sound meetings that we do on a daily
24 basis as well, but I'm happy to provide you with
25 that information as well.

Page 29

1 Q I didn't quite understand the last part
2 of your answer. You said you taught people to
3 open up accounts and then what did you say?

4 A Okay. We have different teachers,
5 like, as far as that they teach you how to open
6 accounts, how to start purchasing crypto, how to
7 start kind of moving around the coins and -- and
8 exchanging them, start the trading itself.

9 Q So, it was a student-teacher model
10 where you would teach your students to open up
11 accounts in cryptocurrencies; is that correct?

12 A Yes, ma'am.

13 Q Okay. Anything else? Did you guys
14 teach anything else?

15 A Well, okay, along with the
16 cryptocurrency market, we also got involved with
17 the ForEx which I didn't. My partner Eduardo
18 Talfinger was very involved in the ForEx space as
19 well. My -- I started with -- with the crypto
20 space. I'm the one that pretty much have helped
21 people with -- in that particular space, but my
22 co-partner Eduardo Talfinger was the one that did
23 a lot of the ForEx side of things.

24 Q And I apologize, Mr. Chavez, I know
25 this is very sensitive. When did Eduardo pass?

Page 30

1 A Last year.

2 Q Okay.

3 MR. ETRI: Jill, if I could just jump
4 in real quick for a technical thing.

5 John, is it possible if -- until you're
6 going to speak, if you can mute your phone 'cause
7 I'm getting a bunch of static.

8 MR. SKLAR: No. I'm happy to do that.
9 I'm going to mute myself. I completely
10 understand.

11 MR. ETRI: Got it. And obviously if --
12 if you need a moment to -- to chime in then you
13 can un-mute yourself, and we'll give you an
14 opportunity there, but it's just creating a
15 little bit of static there.

16 A Is that better? Is that better? Yes.

17 BY MS. HARRIS:

18 Q Mr. Chavez, can you describe
19 CryptoFX's -- excuse me, CryptoFX's business
20 model?

21 A Yes, ma'am. It's educational academy
22 to help people understand the crypto space and to
23 start getting involved in -- in -- in
24 understanding how to open an account in the
25 crypto space, how to start purchasing and how to

Page 31

1 start -- pretty much and start buying
2 different -- different coins and really
3 understand the cryptocurrency industry.

4 Q Okay. So, the revenue came from where?

5 A Okay. The -- the revenue -- CryptoFX
6 was an academy that started teaching and started
7 doing different packages as far as -- so they can
8 learn the -- the -- you know, that information
9 that needed to be provided to them to start doing
10 the trading. And at the beginning that's where
11 we got -- we got the revenue.

12 Q Am I correct in stating that at the
13 beginning the revenue came from the students?

14 A That is correct. Yes, ma'am.

15 Q Approximately how many students do you
16 have on your roster?

17 A I would say 3,000 to 5,000 students.

18 Q 3,000 to 5,000; is that correct?

19 A Yes, ma'am.

20 Q And you just started CryptoFX in 2000;
21 is that correct?

22 A Could you repeat that again?

23 Q Absolutely.

24 You established CryptoFX in 2000; is
25 that correct?

Page 32

1 A The year 2000?

2 Q Yes. Excuse me, 2020?

3 A That is correct. Yes, ma'am.

4 Q Okay. I want to make a clean record.

5 So, I'm going to ask the question again.

6 Am I correct in stating that it was
7 established in 2020?

8 A Yes, ma'am.

9 Q Okay. Thank you.

10 You are getting revenue from the
11 students through these different packages. Can
12 you explain the different packages?

13 A Yes, ma'am.

14 Pretty much depending on the level
15 of -- of where they were, I start different
16 packages. Like the starting package,
17 intermediate package and an advance package. So,
18 for instance, to teach you the basic information
19 on just understanding and opening an exchange, we
20 would charge a \$499.00 fee.

21 On a more intermediate level which is
22 understanding -- opening an exchange, opening an
23 account and -- and start trading. So, it was
24 more like intermediate level. And an advance
25 level which, you know, included all of that,

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1 plus, we went over different coins in the space
2 and -- and really kind of help them create a --
3 with their own decisions of course, create a
4 portfolio that would benefit them in the
5 long-term.

6 Q When you first started this where did
7 you conduct your classes?

8 A I -- believe it or not I started in a
9 restaurant.

10 Q Okay. About how many students attended
11 the classes?

12 A It started like with 50 students at the
13 beginning.

14 Q Okay. How often would you hold
15 classes?

16 A Every day. Monday through Friday every
17 day. Night classes every day. Like, seven p.m.
18 every day we will meet at the -- at that
19 restaurant.

20 Q What restaurant was this?

21 A It was actually a Denny's restaurant
22 that have a -- a huge space on the back -- back
23 of it connected. And it pretty much started from
24 there.

25 Q Okay. So, you have students attending

Page 34

1 these classes once every day. Are there just one
2 class per day or multiple classes?

3 A No, one class per day.

4 Q And so, there would be beginner
5 students sitting with intermediate students
6 sitting with advanced students; is that correct?

7 A That is correct. Yes, ma'am.

8 Q Okay.

9 A In the beginning it was like that.

10 Q Okay. How would you solicit your
11 students?

12 A It was just pretty much one person, you
13 know, telling of his cousin, you know, family
14 member or friend, say, you know, I'm learning the
15 crypto space. It's a different trend. It's a
16 new trend that's really involving, you know, that
17 can really give us an extra income opportunity
18 pretty much.

19 Q Okay. Okay. Did you do any sort of on
20 line advertising or any other advertising?

21 A No, ma'am.

22 Q Did you do any -- any -- any -- so, no
23 advertising on the radio or anything like that?

24 A No, ma'am.

25 Q Okay. You said when you first started

Page 35

1 your revenue came from student payments for
2 classes; is that correct?

3 A Yes, ma'am.

4 Q Okay. Did that change over time?

5 A After -- after, I would say, 2021 we --
6 we changed because more people wanted to know
7 what we were doing learning and they -- they got,
8 you know, news of how the other people were doing
9 that were having a lot of success. So, the --
10 the word spread that we're teaching them how to
11 do things and really had success levels.

12 Q Okay. Did you in 2021 establish a new
13 stream of revenue?

14 A Yes, ma'am.

15 Q Describe that.

16 A We created different packages as far
17 as, you know, like -- like an agreement. More
18 like a -- like a -- because they -- they wanted
19 to -- since they were getting great results they
20 wanted to establish -- you know, of course create
21 a bigger income level. So, they started asking
22 me if I would create some type of package where
23 it could be -- could be like a loan to -- to us,
24 to the company, and we could do the portfolios
25 and stuff and really create an extra income for

Page 36

1 them. That's how things -- the different revenue
2 started.

3 Q That's helpful. Let me unpack that.

4 Before you had a small amount of
5 students and you had success by getting them
6 money in the crypto space. And other people hear
7 about this success and so it grows. In 2021 you
8 then change the revenue stream from -- or change
9 the revenue stream from students paying to learn
10 to students giving money to the company so you
11 can do the crypto investing for them?

12 A I wouldn't call it crypto investing. It
13 was -- and we -- as a company, we never stopped
14 the teaching part of things. Because of the
15 COVID, of course, we created -- we changed the
16 model a little bit to more of Zoom. Instead of
17 doing it live, we did it -- we do it Zoom every
18 day, Zoom meeting.

19 But pretty much the -- the new income
20 revenue started, people wanted to loan the
21 company money in a way, but we did it as an
22 agreement, as you have in -- in your records,
23 of -- you know, because we saw the opportunity --
24 we understood the opportunity in the crypto space
25 and how we -- it popped, how it boomed in 2017,

Page 37

1 you know. And of course we know how -- we saw
2 how afterwards. So, we understand what the --
3 the trend and the market itself. And we and --
4 and them saw it as an opportunity to take
5 advantage of the market itself.

6 Q About how many students do you have in
7 2021 when it changes to adding the different
8 packages?

9 A It was like 400, 500 students the max.

10 Q Okay.

11 A Those were the max students.

12 Q Okay. Describe the different packages
13 that you are now offering in 2021?

14 A Yes. We have bronze, the gold and --
15 and the other packages as before. See, I
16 don't -- I don't -- myself, I really don't focus
17 on promoting the -- the business itself to get
18 more clients. I -- I don't focus on that myself.

19 Q Okay. If I come to CryptoFX and I am
20 interested in having you take my money and put it
21 in the crypto space, what are my options? I
22 have -- what are my options?

23 A Okay. Well, first, you know, we really
24 need to explain to you that we are not an
25 investing academy. We are not a financial

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1 institution. And we make you understand all of
2 that. And what we tell you is, we're going to
3 help you get involved with the crypto space by
4 teaching you how to open an exchange, how to
5 start buying different coins. How --
6 understanding the bio technical of the market
7 itself and that it is very risky, you know.

8 And -- and, of course, we -- we will
9 teach you on how you can strategize if you want
10 to establish an account with us, but most
11 importantly, so you can learn it on your own.
12 The goal is for you to do it on your own with the
13 education.

14 Even though we change a different
15 stream of income or revenue for the company, we
16 never change the model as far as our goal is to
17 teach people how to really educate themselves so
18 they don't have to depend on nobody else. Not
19 even on the company -- on our company itself.

20 Q Does everyone that gives you a loan --
21 strike that. Let me ask a better question.

22 Does every person that gives you money
23 also attend the classes?

24 A Could you -- do you -- do you mean
25 every person?

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1 Q Every person.

2 A No, ma'am, because it is a optional. It
3 is available to them, like I said, every day
4 Monday through Friday. We do it via Zoom. And
5 because of the COVID we changed the model.
6 Normally we do it on a daily basis, you know,
7 like face-to-face. So -- but, you know,
8 different people participate on different days.

9 Q So what I'm hearing you say is that
10 there are two streams of revenue. One extreme is
11 students paying for classes for you to teach them
12 how to open up the accounts and get into the
13 crypto space. The second stream is people giving
14 you money for you to do it for them; is that
15 correct?

16 A Yes, ma'am.

17 Q Okay. Currently, what percentage of
18 your business are students and classes?

19 A I would say 40 percent. 30 to 40
20 percent.

21 Q So, the majority of your business is
22 people giving you money to invest in the crypto
23 space; is that correct?

24 A I wouldn't say invest, but like I said,
25 the model is more the loan where we make the

Page 40

1 decisions on what kind of portfolio to -- to
2 establish, you know. That -- that's more the
3 route that we take.

4 Q Okay. The majority of your business is
5 people giving you money without attending the
6 classes; is that correct?

7 A They do attend the classes. It's just
8 that they don't attend the classes every day.
9 It's more, you know, of course, like, 7 p.m. it's
10 when a lot of the people are with their kids now.
11 So, some people attend. Some people don't.

12 Q You previously stated that there are
13 some people that don't attend any classes at all
14 and just have signed a contract with you and have
15 said, This is the amount of money I want to put
16 into the crypto space and I want you to be
17 responsible for this money; is that correct?

18 A Yes, ma'am. We do give them
19 information as far as, you know, the importance
20 of -- of, of course, getting involved and really
21 getting to know what it is they are in. We don't
22 necessarily want them to just put in a -- a
23 package with us and really not understanding what
24 we're doing, how we operate and what our
25 intention is as an academy.

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1 Q Okay, that's helpful.

2 A person gives you money. They sign
3 the contract. What do you do with the money?

4 A We put it into Bitcoin because that's
5 how we start distributing and that's how we start
6 doing trading.

7 Q Okay. I want you to expand on that.
8 When you say, Put it into Bitcoin, what do you
9 mean?

10 A Okay. So, for instance, somebody buys
11 a package, what we do is we -- we first tell them
12 that, you know, they need to open an account, a
13 crypto account, and to purchase Bitcoin and send
14 Bitcoin to us as a -- to the company. In order
15 for us to start doing trading in the crypto space
16 everything needs to be done by a different coin,
17 you know. The easiest coin to get access to
18 where you can find it's called is BTM. Even in
19 gas stations they have BTMs now. They can go
20 into the gas station and really buy crypto there
21 or they can open an -- an exchange like a
22 Coinbase. And they can leave their bank account
23 and buy Bitcoin from there as well. And that's
24 how they -- they will join the -- the company
25 with us as well.

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1 Q I don't think I caught the last part.

2 Can you repeat what you said?

3 A Okay. For instance, they can open a
4 Coinbase account and they can link their bank
5 account to the Coinbase account, purchase Bitcoin
6 on there. And once they have the Bitcoin, they
7 can -- they can buy their -- the package that
8 they're joining with the academy.

9 Q Do you also accept cash?

10 A Yes, ma'am, we have.

11 Q So, if I come to you and I want to give
12 you cash to put into the crypto space, what do
13 you do with that cash?

14 A And then we -- I have to buy Bitcoin
15 myself and I have to turn it -- I have to put
16 that cash into Bitcoin so I can start doing
17 trading.

18 Q So you're trading Bitcoin?

19 A Bitcoin is the -- the -- the coin
20 that -- like, I would say, the parent coin that
21 we use, but we exchange it for other coins.

22 Q Okay.

23 A That will give us the opportunity to --
24 you know, that is going to have a -- a best
25 return.

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1 Q Here's what I'm trying to get at, Mr.
2 Chavez, I'm trying to figure out what exactly
3 you're doing with the money once you get it from
4 the -- the people who are giving you money. Are
5 you -- so, can you explain again what exactly you
6 do once you have -- strike that.

7 Explain to me what you do once a person
8 gives you money, cash or check, walk me through
9 where that money goes and what exactly you're
10 doing with it and how that person can get a
11 return.

12 A Okay. Our -- well, first, if we get a
13 check or we get cash, we have -- I have to turn
14 that into crypto, into Bitcoin. So, I have to
15 find a way to buy Bitcoin and, you know, put it
16 into Bitcoin because that's the only way that I
17 can make that -- those funds work.

18 And so, I do it through Coinbase. I
19 did it through the BTM machines that -- that you
20 find in the gas stations. There's people also
21 through -- through a website called Local Bitcoin
22 that you can purchase Bitcoin from them as well.
23 Local Bitcoin is actually a -- a website that you
24 can find people that are -- are selling Bitcoin.

25 Q You get the cash, you turn it into

Page 44

1 crypto and then you're trading it, correct?

2 A That is correct. Yes, ma'am.

3 Q And then you pay out a return?

4 A On -- on the -- the loan that was
5 offered -- that was established with a -- with a
6 student, yes, ma'am.

7 Q Do you take any sort of commission?

8 A As a company?

9 Q Yes.

10 A Yes, ma'am.

11 Q How much is that commission?

12 A Can you rephrase that again? Do you
13 mean as far as the earnings made with that
14 particular --

15 Q Sure. So, on any individual loan, if
16 I -- if you're giving me a return, you've done
17 the work of trading and you've gotten me my
18 return. Do you take any money from that profit
19 as compensation for your trading?

20 A Yes, ma'am.

21 Q How much is that compensation?

22 A The crypto space -- it just depends,
23 you know. The crypto space is very volatile.
24 And -- so, it's just there is -- I wouldn't be
25 able to give you an exact percentage.

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1 Q Okay. Do you talk with your investors
2 about how much compensation or -- how much
3 compensation you're going to take off?

4 A Well, could you rephrase that again,
5 please.

6 Q Sure. I come to you. I give you a
7 certain amount of money. Let's say, \$100.00.
8 You trade it and you get me a return of \$200.00.
9 How much money would you take as compensation for
10 your trading?

11 A It just depends on what -- what was
12 gained. It's not a set amount that I could
13 promise you or there's no guarantees. It's
14 just -- just varied depending on the -- on the --
15 you know, how was it -- how -- what the returns
16 was for that particular amount, you know.

17 Q Okay. So, in that model I would have
18 made \$100.00 return on my original investment.
19 Would you tell the investor upon signing up the
20 contract how much you were going to take for
21 trading their money?

22 A I would give them just an idea on how
23 much -- what's the possibility that they can
24 make, but it's not a guarantee. Nothing's
25 guaranteed in the -- in the crypto space.

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1 Q And you -- and you would not tell them
2 how much you were going to take as compensation;
3 is that right?

4 A That is correct. No, ma'am.

5 Q Okay.

6 A Because I don't even know myself.

7 Q Okay. This is a broad question, but
8 where are most of your students from?

9 A Most are Latinos, Hispanic. I would
10 say 98 -- 98 percent are Latinos.

11 Q Okay. Thank you. I meant regionally.
12 Are they from Texas, you know, the United States,
13 internationally?

14 A No. No. No. I would say some in
15 Texas. Some in -- in Mexico and El Salvador.

16 Q Okay.

17 A I don't recall any other place.

18 Q Do you know if your students are --
19 their ages? Do you know -- strike that. Let me
20 ask a better question.

21 Describe your average student.

22 A It just varies, different ages. That's
23 one of the things that -- you know, that people
24 like about the crypto space is that anybody,
25 that's over 18 years old of course, they can

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1 participate in this space. So, I will have any
2 students from 18 years old to literally, I don't
3 know, there's 70 years old, you know, or -- or
4 more. Just average? If you want me to take an
5 average. Is that what you are --

6 Q Yes.

7 A Okay. I would say average would be
8 30 -- I mean, 25 to 60. I don't have that
9 information. I'm sorry.

10 Q Okay. How do you communicate with your
11 students?

12 A We have different chats, WhatsApp chats
13 that I believe we -- we send you the -- some of
14 the communications or the communications that we
15 have. We send you copies of that. That's one of
16 the ways that we -- that we communicate.

17 Q Do you e-mail your students?

18 A No, ma'am.

19 Q Do you text with your students?

20 A No, ma'am. Not -- not necessarily.
21 It's mostly done through the -- through the
22 groups.

23 Q Okay. Your primary way of
24 communicating with your students is WhatsApp; is
25 that correct?

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1 A That is correct. Yes, ma'am.

2 Q Okay.

3 MS. HARRIS: If I can ask Jamie to put
4 up Exhibit 11, please.

5 (SEC Exhibit No. 11 was
6 marked for identification.)

7 Q Mr. Chavez, can you confirm,
8 whatever -- whenever you see it and have had time
9 to kind of get comfortable with the document,
10 it's -- it's a pretty long one. If you can just
11 look at the first couple of pages and just let me
12 know when you're ready to speak -- when you're
13 ready to talk about it.

14 A Yes, I see it now.

15 Q Is this a roster of your students?

16 A I know a couple of names, but I -- I
17 can recall a couple of names, but no -- yeah, I
18 don't -- yeah, could you rephrase that, Ms.
19 Harris?

20 Q Absolutely.

21 Is this a list of all of your students?

22 A That's our -- I mean, even though I
23 don't recognize some of the names, I would
24 believe, yes, that is some -- that is a roster of
25 the students.

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1 Q Great.

2 On the first page there are some
3 students that have, for example, FC 1. By Aaron
4 Fajardo's name he has FC 1. What does FC 1 mean?

5 A Yeah. FC 1 was kind of -- at the
6 beginning it was established because of -- you
7 know how I mentioned to you that we had different
8 type of classes, like, starting, intermediary
9 and -- and advanced. So, FC 1 was created for
10 a -- a program that was called Founders Circle.

11 Q Describe that program, please.

12 A That program what they had is they had
13 the opportunity that I get to teach them myself
14 on how -- as far as different coins that -- you
15 know, that I was overseeing myself. So, they had
16 an opportunity to, you know, on their own
17 portfolios that they created to have a better
18 opportunity gain.

19 Q Okay.

20 A It was more on a personal -- more of a
21 personal communication with me. So, they -- the
22 main opportunity could be bigger from their end.

23 Q Okay. So, the Founders Circle was a
24 class that you taught that gave personalized
25 advice and allowed them to gain bigger

Page 50

1 opportunities. Does that mean bigger returns?

2 A I -- I would say the opportunity to
3 have a better returns. Not necessarily bigger
4 because you never know the markets. So, I would
5 never guarantee anything to anybody.

6 Q Why was -- why did the Founders Circle
7 give the opportunity for better -- possibly
8 better returns?

9 A That was just a name that came to my
10 mind as -- you know, as having more -- better
11 access.

12 Q Okay. But -- I understand the name,
13 but why would the Founders Circle give
14 opportunity for better returns?

15 A Because they would have access to some
16 of the cryptocurrency trade that I made myself.

17 Q Okay. For the Founders Circle are they
18 giving you money to do the trading or are they
19 doing the trading themselves?

20 A Both. In -- in all of them -- in the
21 revenues they all have the opportunity to do the
22 trading themselves through their own portfolios.

23 Q Okay. But the Founders Circle
24 specifically, you were doing the trading for
25 these -- this class of -- these class of people;

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1 is that correct?

2 A Well, I think it's both because they do
3 their own trading as well.

4 Q Let me make -- let me get a little bit
5 more clarity here.

6 If you're in the Founders Circle,
7 you're attending classes with you and you were
8 showing them your trades; is that right? That's
9 the whole point.

10 A Correct. Yes, ma'am. But they had
11 their own -- how do I say it? They copied those
12 trades into their own personal account.

13 Q Are they also giving you money to
14 trade?

15 A The packages -- the loan packages
16 that -- that we mentioned.

17 Q Okay. So, the Founders Circle is
18 separate from the loan packages that we talked
19 about before?

20 A It's the same. It's the same. This
21 was just a -- it was kind of like a -- a
22 different class that we established to have more
23 like a, I would say, VIP access to different
24 coins, but it was not -- not -- nothing different
25 than the -- than the loan.

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1 Q Okay. I'm still confused. So, you
2 have to help me out here.

3 A No problem.

4 Q The Founders Circle it's my
5 understanding had access to you and your
6 expertise. And that --

7 A Personal level. I'm sorry, ma'am.

8 Q Yeah. Mr. Chavez, just let me finish.

9 The Founders Circle was a different
10 class because it had access to you and your
11 expertise, but then, of course those students
12 could also do the loan packages to the company;
13 is that right?

14 A That is correct. Yes, ma'am.

15 Q Okay. But you could do the loan
16 packages to the company without being in the
17 Founders Circle, correct?

18 A Correct. Yes, ma'am.

19 Q And if you were in the Founders Circle
20 was there anything -- anything different about
21 your loan?

22 A No. No. No. I mean, there was
23 nothing different about the loan. Actually, the
24 Founders Circle, if I recall it, we did that --
25 we never offered that any longer. It was just

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1 the beginning of -- if I remember, I believe it
2 was 2021, beginning of 2021, but it was -- it was
3 not for a continuous. It was like a special
4 class pretty much.

5 Q Excuse me. When did you stop teaching
6 the Founders Circle classes?

7 A I don't -- I'm trying to remember. Let
8 me -- I believe it was, like, March of 2021. I --
9 I don't remember exactly the date though.

10 Q Okay. On the -- the first page of this
11 exhibit you also have Aaron Fajardo marked down
12 with FC 2. What is FC 2?

13 A Okay. FC 2, that's a -- pretty much a
14 second -- like, FC 1 and FC 2 were done in -- in
15 March. It was like kind of -- FC 2 was another
16 training. We did FC 1. Then we did FC 2, but
17 they both ended in like March 2021.

18 Q Okay. Explain what FC 2 was and how
19 it's different from FC 1.

20 A No. It is the same thing. FC 1 was
21 kind of like a seminar or training session that
22 we did. When that ended, then we started FC 2.
23 That's just Founders Circle second -- I don't
24 know how to explain it. It was like a -- a
25 second class pretty much.

Page 54

1 Q Okay. So, it was the same thing as
2 Founders Circle 1. It was just the second
3 version of it?

4 A That is correct. Yes, ma'am.

5 Q Okay. And these classes lasted how
6 long?

7 A I believe both of those were -- we were
8 not giving those classes after March of 2021.

9 Q Okay. And they started in January of
10 2021. So, three months?

11 A Yes, ma'am.

12 Q Okay.

13 MS. HARRIS: Can we go to page nine of
14 the exhibit.

15 Q Do you see that, Mr. Chavez?

16 A Yes, I do.

17 Q Okay. There's -- at the very bottom
18 there's a student or investor named Adrian Vargas
19 VIP. Can you explain what VIP signifies?

20 A Yes, ma'am. Definitely. VIP was that
21 they could have the opportunity to -- to make a
22 little bit of gains on the -- on the loan, but
23 that -- that -- I would say, after -- if I recall
24 it, after June -- June? June, July 2021, it was
25 no longer available.

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1 Q If I'm a VIP -- strike that.

2 When you say bigger returns, explain
3 that.

4 A On the -- for instance, like the
5 example that you gave me on the \$100.00, correct?
6 Let's say that I'm doing the trading with those
7 \$100.00. Let's say the opportunity to -- first
8 of all, we never guaranteed any returns, but
9 let's say the opportunity was to, I don't know,
10 make a, let's say, \$20.00 with the regular loan
11 example. This one -- like, for instance, instead
12 of the company, you know, keeping a -- a -- a
13 higher gain, the company would give a little more
14 to the student.

15 Q Explain that more. When you said, The
16 company would give a little bit more. Help me
17 understand what that means.

18 A Okay. So, let's say the -- let's
19 say -- let me just make you an example. Let's
20 say I did the trading with \$100.00 and with the
21 regular program we made \$20.00 and the company
22 kept -- I'll just give you an example. The
23 company kept \$5.00 and the student kept \$15.00,
24 okay. The VIP would have -- the -- you would
25 have the opportunity to make, let's say, \$17.00

Page 56

1 and the company would give -- keep \$3.00 as an
2 example. I'm just giving you an example here so
3 you can understand.

4 Q Okay. Where are these terms --
5 where -- where would you put these terms? How
6 would -- how would you make an investor
7 understand that you were getting bigger returns
8 from them?

9 A We didn't necessarily tell them as far
10 as -- could you rephrase that question, please.

11 Q Sure. That was a bad question. That's
12 my fault.

13 How did you communicate to VIP
14 investors the types of returns that they were
15 going to get?

16 A Well, one -- one thing that we -- we
17 always make clear to them that it's -- the crypto
18 market is very hard. It's very volatile, but you
19 know, because of our experience, because -- you
20 know, that they will have the opportunity to --
21 but -- to make a little better returns than --
22 than -- but we -- we never give exactly what --
23 what we are going to get, you know. It's just a
24 little hard to predict.

25 Q Would you tell them that on the phone,

Page 57

1 in a web chat?

2 A That was in -- in person.

3 Q Okay. And so, if I'm an investor and I
4 want to be a VIP investor, how do I qualify?

5 A Okay. One thing that we -- that we
6 always stay away from an investor because we
7 don't want to confuse people that they are -- you
8 know, like, we don't want to mislead people in
9 any way. And that's why we -- for instance, if we
10 would get a loan and we never -- we promised, you
11 know, on a return, it's hard to -- to say that,
12 you know, no one. It's zero to any percentage,
13 but we never --

14 Q Okay.

15 A We've never made those claims like
16 that.

17 Q Let me rephrase. If I am a person who
18 wants to give you a loan and I want to be a VIP,
19 how do I qualify?

20 A We no longer had offered that I believe
21 since July of 2021.

22 Q I understand, Mr. Chavez, but before
23 July of 2021 how would I have qualified?

24 A Okay. I'm sorry, I didn't understand
25 your question.

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1 Okay. No. The way we would -- you
2 know, kind of like with the Founders Circle, they
3 had the opportunity to have access to my trades
4 and -- and pretty much me giving them an idea of
5 what I was doing to -- to generate income, a VIP
6 had similar access to that. So, it we would kind
7 of -- so those were some benefits of being a VIP,
8 have better access to our trades.

9 Q Okay. Did a VIP have to give a minimum
10 loan?

11 A No, ma'am.

12 Q Okay. So you could be a VIP with
13 \$5.00?

14 A There was no minimum.

15 Q Okay. And this is a question for all
16 of the loan packages. Was there a minimum that a
17 person needed to loan you?

18 A Well, because of the crypto space, the
19 way it's established, and this is where my
20 co-partner Eduardo is the one that came with this
21 idea of, you know, to establish a minimum of
22 \$1,000.00.

23 Q A minimum of \$1,000.00, okay.

24 A That is correct. Yes, ma'am.

25 Q So, if I'm a person who wants to give

Page 59

1 you a loan and I want to be a VIP before 2020 --
2 or before July 2021, the benefit of the VIP
3 status was you would get access to your trades
4 and get bigger returns; is that correct?

5 A Yeah. I -- I wouldn't necessarily call
6 it bigger returns, but they have the opportunity
7 to get better returns.

8 Q Okay. Do you have any idea of your
9 average return for your VIP customers?

10 A It's just -- it varies. I wouldn't --
11 I wouldn't be able to give you an exact
12 percentage.

13 Q Do you have any records where you --
14 where you kept your returns for your customers?

15 A I believe we do. I will get with my
16 attorney so we can get those records for you.

17 Q Okay. Yes. That would be responsive
18 to the subpoena.

19 Okay. Let's move on.

20 You previously said with the founder
21 classes that you were the one actually making the
22 trades and you would help them out. And that's
23 why this was kind of an opportunity to get bigger
24 returns; is that correct?

25 A It was an opportunity for them to get,

Page 60

1 you know, better calls on -- on different coins
2 that were coming out, yes, ma'am.

3 Q Okay. Who else at CryptoFX was doing
4 trading?

5 A Eduardo, my co-partner.

6 Q Was anyone else at CryptoFX doing
7 trading?

8 A Yes, ma'am, but not -- not on -- on the
9 students accounts because of the risk involved.

10 Q Okay. So, after Eduardo died you were
11 the only one doing the trading; is that correct?

12 A Yes, ma'am.

13 Q Okay. Were you also the only one doing
14 the trading on the loan packages?

15 A Eduardo as well.

16 Q Okay. Was anyone else doing trading on
17 the loan packages?

18 A Not on the loan packages, no, ma'am.

19 Q Okay.

20 A We -- I -- I tried one person to start,
21 but it didn't work out. There was not the
22 mindset that -- that I had for the academy and
23 myself.

24 Q Who was that person?

25 A That person is John Fernandez which he

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1 did not come as an employee or any of the
2 company. He was just referred to -- to me as one
3 of the -- the person that I was -- helping me
4 open the accounts and stuff.

5 Q Okay. Let me unpack that.

6 How do you know John Fernandez?

7 A Through another ex-employee of mine.

8 Q And who is that?

9 A His name is Emerson, Emerson Vascone.

10 He told me that -- that, you know, he had a
11 friend that did trading, that he was doing very
12 well, that he was teaching classes and -- and,
13 you know, that -- why didn't I take an
14 opportunity for him to try out and -- and see how
15 he can help us with -- with our trading, but when
16 he joined he was doing ForEx, not crypto. I
17 myself focus more on crypto than ForEx.

18 Q Okay.

19 A And, you know, at the beginning I -- I
20 said no, but then I'm like, okay, you know, we
21 can give opportunity for people to -- you know,
22 to -- or -- or for the company itself to generate
23 a greater income. Let's -- we give him the
24 opportunity to come not as an employee just to
25 test. But I realized through another student of

Page 62

1 mine one day that he came to my office and saw
2 that he was there in the U.S., his uncle
3 actually, he told me a few things that John had
4 done in the past. I no longer wanted to be
5 associated with that person.

6 Q Okay. What was John Fernandez doing
7 for CryptoFX?

8 A I gave him a portfolio -- not a
9 portfolio, but a -- an account, a ForEx account,
10 to do trading.

11 Q When was this?

12 A It was -- I don't remember. Like,
13 January 2021. January, February 2021, around
14 that -- that time.

15 Q So, you gave him an account to do
16 trading. Whose money was he trading?

17 A The company's money.

18 Q Okay. So, the loans that people were
19 giving you to trade?

20 A That is correct. Yes, ma'am. Not the
21 whole -- I mean, just -- just a fraction.

22 Q Approximately how much money did you
23 give him to trade?

24 A Anywhere from 200,000 to \$400,000.00.

25 Q Is that total or is that per month?

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1 A Well, what happened was, like, he would
2 ask me to put in an account 200,000 or -- or
3 300,000 and we would trade with that. And if we
4 got profit -- if it would get profit from that we
5 will take out. And I gave him part and part
6 would be for the company.

7 Q Can you repeat that last part, Mr.
8 Chavez?

9 A Okay. For instance, let's say I gave
10 him \$200,000.00, and the profits were, I don't
11 know, 400,000, part of those 400,000 was for the
12 loans, the company's loans, and part was for
13 John. Like a fee. Like a commission.

14 Q How much commission did Mr. Fernandez
15 earn?

16 A Let's see. I don't have the exact
17 numbers to be honest with you. I don't, so. But
18 it was at least over \$500,000.00, \$600,000.00.

19 Q Okay. I want to go back and ask my
20 question again about how much money was he
21 trading for the company if he earned a
22 \$500,000.00 commission.

23 A It was -- the thing is that we -- since
24 it wasn't his account that we would put in and
25 take out, I would say it was a total from 400

Page 64

1 to -- over 400,000, but not more than 600,000.
2 I -- I don't have the exact numbers to be honest
3 with you at this point.

4 Q What account was he using?

5 A It's in a broker called KOT 4X.

6 Q Do you have the records from that
7 account?

8 A Yes, ma'am. I can definitely obtain.

9 Q Okay. Those would be responsive to our
10 subpoena.

11 Do you have the records for the amount
12 of money that you paid to Mr. Fernandez as
13 commission?

14 A That's one of the tasks that I was
15 searching for because on the -- I believe we --
16 we save information or documentation from some,
17 but I wanted to get an exact amount. That's
18 something that I can definitely get with my
19 attorney and -- and figure out an exact amount
20 and mention all of that.

21 Q Okay. How did you pay Mr. Fernandez
22 commission?

23 A Through Bitcoin and a check.

24 Q Was it through the company's Bitcoin
25 account or through your Bitcoin account?

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1 A The thing with -- with -- with the --
2 with the Bitcoin itself, on the broker -- on
3 the -- on the account, it's -- you can't open a
4 company account, you know. So, it's -- it's the
5 company's account, so. Yes, ma'am.

6 Q I didn't understand your answer.

7 A Okay. Like, for instance, when you
8 open a -- a income -- a Bitcoin wallet, it
9 doesn't say the company's name, but pretty much
10 it is the company's account.

11 Q So, you paid him with Bitcoin from this
12 wallet?

13 A Correct.

14 Q And this is the same wallet that you
15 are trading the loan money through; is that
16 correct?

17 A That -- that is correct. Yes, ma'am.

18 Q Okay. So, it's all one wallet?

19 A No. It was like -- it was two or three
20 different wallets I would say. Because of --
21 because of hacking and because of things like
22 that you can't have everything in one wallet.
23 It's too risky.

24 Q Who had access to these wallets?

25 A Eduardo and myself.

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1 Q Okay. So, you paid him through the
2 company's wallet and via check?

3 A That is correct. Yes, ma'am.

4 Q Okay. He started with you in January
5 of 2021. Approximately how many -- or, excuse
6 me. Approximately how much revenue did he
7 generate through his trading?

8 A I don't have the exact -- and that's a
9 number that I do want to get to you, but I -- he
10 made over -- over 500 -- over \$600,000.00 he
11 made.

12 Q Say that again, Mr. Chavez.

13 A That's something that I want to get to
14 you, the exact number. I will definitely get
15 with Mr. -- with my attorney on that. But for
16 sure, for sure, it was more than 500 to
17 \$600,000.00.

18 Q So, he made over \$600,000.00 in revenue
19 for the company; is that correct?

20 A That is correct. Yes, ma'am.

21 Q Okay. And he was paid \$500,000.00 in
22 commissions?

23 A Yeah. No. No, 'cause we -- we --
24 on -- on -- on that account, and I have the

25 records and everything, we made over \$1 million

Page 67

1 in profits. And -- and that's why he got that
2 amount.

3 Q Okay.

4 A I'm talking about over time. Not --
5 over the -- over the time that he was with us
6 that's what I mean.

7 Q Let me restate my question.

8 Over the time that he was trading for
9 CryptoFX, approximately how much profit do you
10 think he made for the company?

11 A Over \$500,000.00.

12 Q Okay.

13 A Oh, you mean for the company or for
14 himself? I'm so sorry. I didn't understand your
15 question.

16 Q I'll restate it.

17 Over the time that he was trading for
18 CryptoFX approximately how much profit did he
19 make for the company?

20 A Okay. Over \$1 million at the
21 beginning. And I will explain to you why in the
22 beginning or would you like me to say right now?

23 Q Yes.

24 A Okay. What happened was he started
25 trading and he started doing very well. That's

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1 why he got the returns that -- I mean, his
2 commissions that he got, but then he started
3 losing money. And he started losing -- what I
4 realized when he started losing was that --
5 that's the reason why his own uncle came and told
6 me to be careful with him and -- was because he
7 high -- high risk taker and that's not the way we
8 operate.

9 And -- so, he started losing money. And
10 then at the time, that's why his uncle came and
11 told me, Hey, this guy, he's my -- my nephew, and
12 I put money with him and he never paid me. He
13 never paid my son. And that's when John started
14 getting more -- started asking me for money to
15 put in -- in the account and I didn't want to put
16 in more money because I didn't want to have
17 somebody with that background in our company.

18 And at that time then he -- he gave me
19 a check himself from El Generator, which was the
20 company that he was operating with, saying, you
21 know, well, put that in the account and you put
22 in more and -- so, he put in -- he wanted to make
23 up for what he had lost, you know. So, to him --
24 I believe it was about a \$40,000.00 check. And
25 he wanted me to put that in the account so he

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1 could start gaining back what he had lost.

2 Which, in reality, to me, as a company, we broke
3 even, you know. We didn't win or lose because of
4 the amount of money that I -- that I had given
5 him. But the reason why I decided not to
6 continue was because of the reputation that he
7 had. I didn't want that for our academy.

8 Q Okay. When did he start losing money?

9 A I would say February, March. I would
10 say February. End of February. I don't have --
11 I don't have that exact -- I would have to check
12 the records on the VIP account.

13 Q Okay. February of what year?

14 A 2021.

15 Q So, he only traded for a month?

16 A It was a couple -- it was a couple of
17 months that he traded. Couple of months.
18 Three -- I don't have --

19 Q Okay.

20 A I don't have the dates that it
21 occurred. I will definitely get you that.

22 Q Okay. Thank you.

23 So, you initially gave him between 200
24 and 400 of the company's money. He at first made
25 a profit of a million or over a million and then

Page 70

1 he starts losing money; is that correct?

2 A That is correct. Yes, ma'am.

3 Q Do you have an estimate of how much
4 money he lost?

5 A Well, he -- he lost -- he lost, like,
6 the profits that we had there, but I focus myself
7 not to lose the money for the peoples loans. In
8 other words, even though he made profits for the
9 company, you know, like, those profits that were
10 made were flushed off because of what he lost,
11 you know.

12 Q I -- I don't. I want to understand,
13 but I'm not sure I understood your answer.

14 A Okay. So, let's say, that I gave John
15 \$400,000.00 and he made, let's say, \$1.3 million,
16 some part of that went to him as a commission and
17 the other part was sent to the company for the --
18 for the loans, right. I mean, then -- then he
19 started losing. So, the money that was in the
20 account was lost.

21 So, that's when he said, you know what,
22 let me give you a check -- the market was crazy,
23 let me give you a check for -- for -- so you can
24 put in money in that account, but it was a
25 \$40,000.00 check. And then he started doing the

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1 trading, but then I started realizing that -- you
2 know, that -- especially when his uncle talked to
3 me -- his uncle is -- I believe it's Raul Garcia.
4 I will have to get exact name. And really glad
5 he told me that because I -- that's the not the
6 reputation of a person that we wanted to have in
7 our company.

8 Q Do you have records showing how much
9 Mr. Fernandez lost?

10 A I can get that for you, Ms. Harris.

11 Q Okay. At any time did you tell any of
12 the people who loaned money to you that you were
13 doing ForEx trading?

14 A Yes. Yes. We -- because of Eduardo,
15 that was his expertise.

16 Q Okay.

17 A Yes.

18 Q Okay. At any time did you tell any of
19 the people that had loaned money to you that you
20 were giving a commission to Mr. Fernandez?

21 A No, ma'am. No, ma'am.

22 Q So, we've been going about an hour or
23 so. Let's take a break here for five minutes and
24 let me reset and -- if that's okay with everyone.

25 A Sure.

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1 Q And then we'll go back on the record.

2 A Sure.

3 (Brief recess taken at 11:27 a.m.
4 Central Time.)

5 MS. HARRIS: All right. We are back on
6 the record at 11:37.

7 BY MS. HARRIS:

8 Q Okay. Mr. Chavez, I want to go back to
9 your trading.

10 You previously testified that you don't
11 know your average returns on these loans that you
12 were given; is that correct?

13 A I have an idea, but like I said, it's
14 not a guaranteed amount that is set.

15 Q Okay. Explain what you mean by an
16 idea. Explain that.

17 A Okay. For example -- okay.

18 For example, you pay us on what -- how
19 the market's done, how it illustrates. It could
20 be anywhere from zero percent to 15 percent on a
21 monthly basis an average. It just depends on
22 the -- on the market itself.

23 Q And I understand it depends on a lot of
24 factors, but average, do you have a number on how
25 much return you would get for the people giving

Page 73

1 you loans?

2 A I would say 7 to 12 percent.

3 (Whereupon, Reporter interrupts and
4 asks for clarification.)

5 Q Can you repeat your answer, Mr. Chavez?

6 A Yes, ma'am. On -- from -- anywhere
7 from zero to -- I'm sorry. I'm sorry. From 7 to
8 12 percent on an average base. That's what I
9 think.

10 Q Okay. Was there ever a time where you
11 lost investor money?

12 A Where I lost investor money? In the
13 crypto space you can say that you always want to
14 win. It's really hard to predict that. Now, one
15 thing that I focus on is being very careful on
16 the amount that is traded that way we take no
17 major risks. So, on -- on -- on a scale win to
18 losses -- win to losses, it's more wins than --
19 than losses.

20 Q Thank you, but that didn't really get
21 at my question.

22 Was there ever a time where you lost
23 investor money?

24 A Yes, ma'am.

25 Q Okay. But it's my understanding on

Page 74

1 average your returns were between 7 and 12
2 percent of the loan; is that correct?

3 A That is correct. Yes, ma'am.

4 Q Okay. When you were discussing your
5 business with potential investors or, as you
6 would say, potential people that were going to
7 give you the loan, would you tell them about your
8 returns?

9 A We gave an idea of the percentages that
10 we could make, but that is not guaranteed. That's
11 why we say it could be anywhere from zero to ten,
12 four percent. It's not -- it's not guaranteed.
13 It just depends on how we do that particular
14 month.

15 Q Okay. What would you tell them about
16 your returns?

17 A Could you rephrase? What do you mean?

18 Q Sure. So, you would tell them 7 to 12
19 percent, it depends. Would you tell them
20 anything else?

21 A No, ma'am.

22 Q Okay. Would you tell them that there
23 was some potential for them -- for -- for you to
24 lose their money?

25 A Yes, ma'am.

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1 Q Okay. Would you tell them about the
2 commissions?

3 A You mean the gains that can be
4 obtained -- obtained?

5 Q No. I mean the transaction -- I mean
6 the transaction based compensation that you were
7 taking in order to do their trades?

8 A Yes, ma'am.

9 Q Would you tell them that?

10 A Yes. Yes, ma'am.

11 Q Okay. And where would you tell them
12 that?

13 A When we are -- before signing an
14 agreement.

15 Q Okay. So you would mostly tell them
16 that verbally?

17 A Yes, ma'am.

18 Q Okay. Are there any e-mails or text
19 messages or WhatsApp messages with any of these
20 disclosures?

21 A Not that I can think of right now, but
22 I will have to double check, Ms. Harris.

23 Q Okay. You previously talked about the
24 VIP group within CryptoFX --

25 A Yes.

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1 Q -- and how there was a ability to get
2 greater returns. What would you tell a potential
3 investor who wanted to be a part of the VIP
4 group?

5 A Okay. That we are creating a program
6 that -- that will be able to have better access
7 on the trades that we make. The idea of the
8 whole concept of the -- of the CryptoFX academy,
9 the education academy, was to help them get the
10 knowledge that they need to start doing trading
11 on their own. It was not a business just leading
12 into loan the money the company money.

13 So, when we established the VIP it was
14 so that they could not only benefit from -- with
15 the company, but also on their own account as
16 well. So, in order to -- you know, to have access
17 to that VIP accounts, they will have access to
18 some of the trades that we do so they can have a
19 better -- a better, you know, chance of gaining
20 more returns, you know.

21 Q Okay. But when a VIP investor came to
22 you to give you a loan, what would you tell that
23 VIP investor about your return versus your
24 average return?

25 A That it -- I'm sorry, go ahead.

Page 77

1 Q Go ahead.

2 A That it would be, you know -- like, we
3 would say an average could be 7 to 10 percent for
4 example. This is just an example that I am
5 giving you. And a potential VIP could generate
6 anywhere from 7 percent to 15 percent. I would
7 say zero because you never know in the crypto
8 space, but I'm just giving you an average.

9 Q Okay. So, am I correct in saying that
10 you would tell a VIP investor, You could get up
11 to 15 percent returned?

12 A That is correct.

13 Q Okay. And this is based on you doing
14 the trading with your personal trades; is that
15 correct?

16 A Yes, ma'am.

17 Q Okay.

18 A And I'm just giving you an average
19 percentage.

20 Q State that again, Mr. Chavez, I'm
21 sorry, I didn't hear.

22 A No. When I say VIP, they have the
23 opportunity to make a little more return than
24 just a regular account.

25 Q Okay. And just so I'm clear, with the

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1 regular account you're not trading your own
2 personal trades; is that correct?

3 A Can you rephrase that, please.

4 Q Sure. What differentiates the regular
5 account trades from the VIP trades?

6 A Well, at that time -- at that time it
7 was two different accounts that I was handling or
8 managing, but like I said, then the VIP was no
9 longer -- we had no longer the VIP. So, we --
10 everything was the same, regular package program
11 right now.

12 Q I understand, but at the time what was
13 the difference between the VIP trades and the
14 regular trades?

15 A The difference for -- as a company or
16 for them? I'm sorry, I'm just not understanding.

17 Q Sure. It's my understanding that you
18 told the VIP investors they would get a
19 potentially higher return because they were using
20 your personal trades. It's also my understanding
21 that the regular loan packages were being traded
22 by you personally. So, I want to understand what
23 was the difference between the VIP trades being
24 placed and the regular loan packages being
25 placed --

Page 79

1 A Oh, okay.

2 Q -- trades being placed?

3 A No, pretty much the -- the VIP against
4 regular, the VIPs, they have the access to seeing
5 my trades, some of that trades, so they can put
6 it on their own portfolio as well. Everybody has
7 their own portfolio as well or their own accounts
8 that they manage.

9 Q But you were doing the trading for some
10 of those VIP investors?

11 A Yes. The people that loaned us the --
12 yes. That did the loans, yes.

13 Q Okay. So, for the people that gave you
14 the VIP loans and the people that gave you the
15 regular loans, how were the trades different?

16 A The trades were the same trades.
17 There's nothing different. The thing is that on
18 the -- on the VIP, the reason why it was called
19 VIP was because they had access to me. They had
20 access to the trades that I call to generate
21 income for the company.

22 Q Okay.

23 A On the other -- on the other ones, they
24 don't have access to that.

25 Q Okay. So, if the trades weren't

Page 80

1 different how could you guarantee the VIPs a
2 possibility of a better return?

3 A Okay. Well, that -- like I said, Ms.
4 Harris, we never guarantee. You know, we could
5 say anywhere from zero to a certain amount, but
6 we never guarantee. But we knew -- I mean, I
7 knew that in -- the possible returns that we
8 could generate. And there -- at some point on
9 those trades the company had to give away profits
10 so they could pay a little more to the VIP.

11 Q Okay. How could you tell the VIPs that
12 you were going to get a greater return than the
13 regular loan packages if the trades were the
14 exact same?

15 A The thing is like on the other loans,
16 on the regular loans, even though they have their
17 own -- their own portfolio or an account
18 established, they don't have access to the trades
19 that we take. So, the potential on their own
20 portfolio is less.

21 Q Let's say I gave you a loan and I don't
22 do any trading. I'm just giving you the loan and
23 I don't want to open up my own portfolio. And I
24 am saying, I want to be a VIP. I want to do the
25 VIP loan package. Why are you telling me that I

Page 81

1 have a opportunity for a greater return if the
2 other loan package executes the same trades?

3 A Okay. One of the requirements I would
4 say, or perhaps requirements, on the VIP would be
5 to -- or for them to arrange -- to ensure that
6 they have their own accounts. They cannot just
7 be a VIP without their own accounts because we
8 wanted to give them the -- kind of the
9 person-to-person opportunity to -- to have access
10 to us.

11 Q Okay.

12 A More like a mentorship also.

13 Q Okay. So, to qualify to be a VIP you
14 had to open up your own portfolio?

15 A Yes, ma'am.

16 Q Okay. Did you have to execute certain
17 trades?

18 A Could you repeat that?

19 Q Sure. Did you have to execute certain
20 trades?

21 A At that time when -- I don't understand
22 the question, Ms. Harris. I'm sorry.

23 Q Sure. When you had the VIP program and
24 a person wanted to be a part of the VIP program
25 and give you -- get a VIP loan package, to

Page 82

1 qualify you previously testified that they had to
2 open up their own portfolio, correct?

3 A Yes, ma'am.

4 Q Did they have to execute specific
5 trades in that portfolio?

6 A Okay. Yes. I would -- I would help
7 them execute a particular trade. Of course I
8 would tell them -- ask them first. I cannot do
9 it without their permission, but I would help
10 them in their portfolio and, you know, do the
11 trades myself for them. And Eduardo as well used
12 to do that, help me assist them as well.

13 Q Okay. So, every VIP on this -- on the
14 list that I showed you of your students had their
15 own portfolio and you helped them execute those
16 trades; is that right?

17 A That is correct. The list -- that's --
18 that's one -- that was one of the prerequisites
19 in order to be a VIP member.

20 Q Okay. So, they had to do their own
21 individual trading; is that correct?

22 A That is correct.

23 Q Okay. I'm -- I'm still a little bit
24 confused as to if the trades in the regular
25 portfolio are the same as the trades in this VIP

Page 83

1 portfolio, why would the VIP -- or, excuse me,
2 VIP group or portfolio, why would the VIP group
3 get bigger returns? Is it just because you're
4 helping them?

5 A Okay. Let me -- let me ask -- let me
6 go back to the question that I -- the example
7 that I gave you.

8 For instance, if you have -- if you
9 have \$100.00 and we make \$20.00 profit. The loan
10 was paid \$15.00. The company kept -- on the
11 regular the company kept \$5.00 as an example and
12 the loan kept \$15.00. On the VIP the loan would
13 keep \$15.00 and the -- or -- or, I'm sorry, the
14 loan would potentially keep \$17.00 and the
15 company would keep \$3.00.

16 Q So, with VIPs you actually are
17 guaranteeing them a return because the company is
18 paying them, correct?

19 A Not -- not that we guarantee, no. How
20 can I say? No, not guaranteeing, but the company
21 takes less profit on the VIP account.

22 Q Okay.

23 A Like, the final profit that you --
24 that -- that we get, we take a smaller portion
25 from it. We give more to the -- to the -- to the

Page 84

1 loan.

2 Q Okay.

3 A Am I -- did you understand?

4 Q I do.

5 A Okay.

6 Q On average, how much profit would the
7 company take from a regular loan package?

8 A It's hard -- it's hard to say a
9 specific number. I wouldn't be able to give you
10 that exact number.

11 Q Okay. On average, how much would the
12 company take a VIP loan package?

13 A Same. Same. It's a little difficult
14 to give you an exact amount or an average.

15 Q Do you have records that establish how
16 much the company took or how much the company
17 took off of each of these loan packages?

18 A I would have to go back and -- and see
19 exactly all the records to get that information,
20 yes.

21 Q You previously testified that you would
22 verbally speak to potential persons who were
23 giving you loans about the commissions before you
24 signed the contract -- before they signed the
25 contract; is that correct?

Page 85

1 A Yes, ma'am.

2 Q After you got their return and you took
3 a portion, would you tell them how much you took?

4 A No, ma'am.

5 Q Okay. So, they never really knew how
6 much their actual return was without your
7 deduction for commissions; is that right?

8 A That is correct. Yes, ma'am.

9 Q Okay.

10 MS. HARRIS: Jamie, if you could pull
11 up Exhibit 12.

12 (SEC Exhibit No. 12 was
13 marked for identification.)

14 Q Mr. Chavez, take your time. Tell me
15 when you're ready to talk about this exhibit.

16 A Yes. That's pretty much a -- a
17 PowerPoint that Mr. Eduardo put together.

18 Q Okay. Explain to me what this
19 PowerPoint is.

20 A That was a presentation that -- we were
21 doing a -- a PowerPoint presentation of a -- of
22 the academy and kind of the vision -- vision of
23 the company and the different ways that the
24 students could benefit.

25 Q Did you participate in putting this

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1 together?

2 A Somewhat, but mostly it was Mr.
3 Eduardo.

4 Q Where was this PowerPoint presented?

5 A I -- this PowerPoint -- particular
6 PowerPoint was presented in -- I believe in some
7 of the live presentations that we did. I don't
8 exactly recall exactly when we used it, but it
9 was -- it was to show people who we are and what
10 we do.

11 Q When you say live presentations explain
12 what you mean.

13 A Okay. You know, like -- for instance,
14 like, when we do a night trading session or
15 training, you know, how I told you that we
16 started in a restaurant?

17 Q Yes.

18 A Okay. So, just to give an -- an
19 example of what the company was.

20 Q Okay. So, this would be presented at
21 the classes; is that correct?

22 A Not all the classes. Just -- this
23 presentation we didn't -- I believe we didn't use
24 it so much.

25 Q Okay.

Page 91

1 Q Okay.

2 A It's in Bitcoin. That's why it doesn't
3 have the dollar sign.

4 Q Well, let me make clear for the record,
5 this table illustrates -- I see the coins, but
6 the numbers are U.S. dollars; is that correct?

7 A Correct.

8 Q Okay. What was the basis of putting
9 this slide together?

10 A Based on what I know and, like I said,
11 my co-partner Eduardo is the one that -- he had a
12 marketing degree. He's the one that put this
13 together. He -- he's the one that was familiar
14 with it. The -- the purpose was get, like, an
15 idea of the potentials of gains that -- that we
16 could obtain.

17 Q Let me ask a better question.

18 What was this slide based on? Was it
19 based on your average returns? Was it based
20 on -- what was it based on? What are these
21 numbers based on?

22 A Oh, it -- it was based on average -- on
23 average returns I would say. But, like I said,
24 it was not a guaranteed return.

25 Q I understand, but you're telling the

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1 public that these are potential numbers that you
2 can gain for them; is that correct?

3 A Those are some potential numbers,
4 correct.

5 Q And is it based on previous
6 performance?

7 A Yes, ma'am.

8 Q Okay. Okay. So, you're putting this
9 slide together and you feel comfortable with
10 these numbers because you've gotten these types
11 of returns before; is that correct?

12 A That is correct.

13 Q Okay.

14 MS. HARRIS: Let's go to page 33,
15 please.

16 Q Take some time to look, Mr. Chavez, and
17 then let me know when you're ready.

18 A Yes, I'm ready.

19 Q What does this page describe?

20 A This is a referral program. It's a --
21 we are not a multi-level marketing. So, when
22 Eduardo was coming -- when he came up with this
23 idea, like, where it says, we're -- it was, like,
24 more like a -- I don't know how to say it. But
25 you know the multi-level how they go, like,

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1 different levels -- up to kind of different

2 levels, this was put together more as referral
3 programs for students.

4 Let's say that if -- and this is just
5 an example, if you referred a student, like,
6 let's say, Ms. Harris, you referred a student,
7 where it says level one right there, you -- you
8 as a referrer -- referee would make seven percent
9 which is -- that is based on the -- you know,
10 where it says Bono Directo with the Bitcoin sign?

11 Q Yes.

12 A Okay. It's based on an example of
13 \$1,000.00 package.

14 Q Okay.

15 A So, like, you refer me to the academy
16 you make \$70.00.

17 Q Okay.

18 A And then, the second level, let's say
19 that I told Mr. John about the academy, but I
20 brought John to the academy, I made \$70.00, which
21 John is my -- the person that I referred, but
22 you, Ms. Harris, made \$30.00 and stop there.

23 Q So there are two levels of referrals;
24 is that correct?

25 A That is correct. Yes, ma'am.

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1 Q When did the referral program start?

2 A I'm trying to recall. I don't have any
3 exact date, Ms. Harris, to be honest with you.

4 Q Was it before or after last year?

5 A I -- I don't recall, Ms. Harris. I
6 will have to check.

7 Q Okay. Is the referral program still in
8 place?

9 A Yes, ma'am. It is still in place, but
10 we're no longer promoting this referral program
11 now.

12 Q Okay.

13 A I mean, after -- after the subpoena
14 took place and we no longer promoting.

15 Q But it is still in place; is that
16 correct?

17 A That is correct. Yes, ma'am.

18 Q Okay. We'll come back to that.

19 MS. HARRIS: If we could go to page 38,
20 please.

21 No. I -- I apologize, not page 38. 35,
22 excuse me.

23 Q Do you have it, Mr. Chavez?

24 A Yes, ma'am.

25 Q Great.

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1 Can you explain what page 35 is
2 showing?

3 A Yes, ma'am. It says, Rangos De Avance.
4 This is when you are in the academy, this is like
5 ranks as far as you with the different students
6 would generate in -- in referrals. Like, for
7 instance, Rango Elite which is a ten, it's -- if
8 you -- if you refer \$10,000.00, let's say, in
9 different referrals in your team, you can make
10 \$250.00. And then, Elite 25 which is, in -- in
11 general sales and 25 -- it represents \$25,000.00,
12 you get \$500.00. And it moves on to Elite 500
13 which is 500,000 that you can generate up to
14 \$10,000.00.

15 Q Is the point of these programs to get
16 more loans coming in?

17 A No, ma'am. No, ma'am. This is just an
18 incentive that was -- that was created to -- at
19 the beginning, you know. Of course, we wanted to
20 promote the -- the idea, the academy itself, but
21 it was -- we didn't do any -- we never went on --
22 on -- we never put this on Facebook. We never
23 put this on Instagram. We never put this on our
24 website itself at all to get more -- more
25 students.

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1 Q Yeah. I understand the slide wasn't on
2 line. What I want to understand is the actual
3 program.

4 Am I correct in saying that the point
5 of the referral program was to get more people
6 involved and get more people loaning money; is
7 that correct?

8 A Yes. I could say, yes, ma'am.

9 Q Okay. So, what this slide shows is if
10 you had a certain number of people under you in
11 CFX or crypto -- well, if you had a certain
12 amount of people under you within the company and
13 those people were referring more people in,
14 you -- you would get cash; is that right?

15 A As an incentive that you would get and
16 your team -- sales team you would get extra. It's
17 like a -- like a bonus.

18 Q Okay.

19 A It was -- it wasn't necessarily cash.
20 It was in Bitcoin. I don't know why Eduardo put
21 cash there, but it was in Bitcoin.

22 Q Okay. So, people were incentivized to
23 talk to other people and get them to invest or
24 loan you money; is that right?

25 A Correct. It was, you know, based on --

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1 on the sales obtained, correct.

2 Q Okay. When you're talking with
3 potential students -- excuse me, with potential
4 investors or people who are loaning you money,
5 did you -- would you tell them about the referral
6 program?

7 A Honestly, I -- I didn't myself, no,
8 ma'am.

9 Q Okay. So, you wouldn't say, Hey,
10 invest \$10,000.00 with me and if you get someone
11 else to invest you can get some money on top of
12 that as well?

13 A No, ma'am. I -- I personally didn't.
14 No, ma'am.

15 Q Do you know if others who worked for
16 your company did?

17 A I -- I believe this was more introduce
18 if they are students or anyone. This was not
19 presented as a way to get more people to loan
20 money.

21 Q Okay. But get more people involved; is
22 that right?

23 A But I believe we didn't do incentives
24 until people were in the academy already. Not
25 to -- to get potential people with this

Page 98

1 particular promotion or -- or -- how can you say
2 it? This particular page that you're showing.

3 Q Right. And I thought -- strike that.

4 You did previously testify that this
5 was an incentive to get people involved and get
6 people loaning more money. Am I -- am I right in
7 saying that?

8 A Yes. Yes, ma'am.

9 Q Okay. So, help me understand how
10 it's -- it's not getting people -- well, strike
11 that.

12 Let's -- let's move on, but we're going
13 to come back to the referral program, but before
14 we move on, let me wrap this up.

15 This slide is a -- is related to the
16 referral program that we were talking about on
17 the other slide, slide ten, correct?

18 A Yes, ma'am.

19 Q Okay. Was there any additional
20 incentives for people to bring in larger loans?

21 A Not that I recall, ma'am.

22 Q What I'm trying to figure out, Mr.
23 Chavez, is what's the different, like, 10, 25,
24 50, 100, 250 here is. Help me understand that.

25 A This is just -- this is, like, in

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1 what it -- what it's saying is you have to have
 2 it in the -- in -- since Eduardo is the one that
 3 put this so I have to try to explain it as best
 4 as possible. Sorry.
 5 Okay. So, like, for instance, if you,
 6 Ms. Harris, refer three people, okay, but I'm one
 7 of those people, from the \$1,000.00 loan that I
 8 give to the company, \$400.00 were taken from my
 9 particular side. The other remaining 600 had to
 10 come from the other two referrals that you did.
 11 Q I'm -- I'm sorry, Mr. Chavez, I still
 12 don't understand. When we first spoke about your
 13 loan packages --
 14 A Uh-huh.
 15 Q -- it was my understanding that if I
 16 gave \$1,000.00 you would invest it. I would get
 17 a certain profit back. And you would take off a
 18 certain percentage of that profit for
 19 commissions. Explain to me how this factors in.
 20 A No. No. This is completely -- this is
 21 different. This is a -- how can I say? This is
 22 a promotion --
 23 Q Okay.
 24 A -- that it's -- not everybody qualifies
 25 for this promotion. This is not given to

Page 104

1 everybody. This is only -- like, for instance,
 2 let's talk about the elite ten --
 3 Q Okay.
 4 A -- which is 10,000 in volume, right? Do
 5 you see it?
 6 Q Yes.
 7 A Okay. So, the 10,000 in volume it's --
 8 like, for instance, you, Ms. Harris, refer me in
 9 the business, only 400 -- it's not like we're
 10 taking those \$400.00 and putting it in a
 11 different place. No. I'm just saying only 400
 12 can count for this promotion, for me, for my --
 13 for you referring me.
 14 Q I understand now.
 15 A You understand?
 16 Q Okay. Okay.
 17 A I'm giving you an example of the sales
 18 force. Do you understand?
 19 Q Yeah. It sounds like this is -- so, it
 20 says, En Gracia 10,000. Tell me what En Gracia
 21 means?
 22 A En Gracia is if you have -- like,
 23 referred, that's what it means.
 24 Q Okay. So, basically, what the elite
 25 ten medallion is stating here is that if you

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1 refer \$10,000.00 worth -- if you have \$10,000.00
 2 worth of referrals on your team, you get
 3 \$2,500.00 cash; is that right?
 4 A If you have \$100,000.00 you said?
 5 Q I said \$10,000.00?
 6 A No. No. 10,000 is 250.
 7 Q Or, excuse me, \$250.00 cash, you're
 8 right.
 9 A Yes, ma'am.
 10 Q So, to make sure we have a clean
 11 record. If you have \$10,000.00 worth of
 12 referrals on your team you get \$250.00 cash?
 13 A That is correct.
 14 Q How does the different percentages at
 15 the very bottom work?
 16 A Which one, the 40 percent?
 17 Q Yeah. The 40 percent, the 30 percent
 18 and then the other 30 percent.
 19 A That's just an example. That's
 20 just giving you an example. That's not
 21 necessarily --
 22 Q Okay.
 23 A That's just giving you an example that
 24 in order to get that -- for you to get that
 25 number you need to refer three students.

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1 (SEC Exhibit No. 13 was
 2 marked for identification.)
 3 Q Okay. Okay. Mr. Chavez, let's go to
 4 Exhibit 13.
 5 I want you to kind of take your time
 6 with this exhibit because I'm going to ask you a
 7 couple of questions here. Let me know when
 8 you're ready.
 9 A I'm ready, yeah.
 10 Q Okay. Can you verify that this is a
 11 true and accurate copy of the CryptoFX student
 12 agreement?
 13 A Yes that is correct.
 14 Q And if you go to page two, is that your
 15 signature at the bottom of the page under -- or
 16 under, CryptoFX, LLC Representative?
 17 A Can you pull the paper -- I cannot see
 18 it. I'm sorry.
 19 Q That's okay.
 20 MS. HARRIS: Jamie, I'll ask you to
 21 scroll down to page two.
 22 Q Take your time, please.
 23 A Can you go a little more down? I'm
 24 sorry. On the -- on the CryptoFX representative?
 25 Q Is that your signature?

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1 A That's not my signature, no, ma'am.
 2 Q Who's signature is that?
 3 A That's not -- I don't recall that --
 4 that one. I don't know if it's Eduardo's.
 5 Q Okay. Who was authorized to sign as a
 6 CryptoFX, LLC representative?
 7 A Okay. It was myself or Eduardo. Yeah,
 8 myself or Eduardo.
 9 Q Okay. Anyone else?
 10 A I would say, I couldn't -- I wouldn't
 11 be able to tell you, Ms. Harris. I'm the one
 12 who's -- I find only myself and Eduardo on --
 13 Q Okay. Do you know who signed the
 14 contracts?
 15 A That was a representative, but I would
 16 have to double -- double check.
 17 Q But you don't know who the
 18 representatives are?
 19 A Yes. Yes. I know the representatives.
 20 Yes, ma'am.
 21 Q Okay. Who are the representatives?
 22 A Oh, no. The representative it means
 23 that's a -- an employee.
 24 Q Okay. So, this is a signature of an
 25 employee?

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1 A Yes. I just don't know exactly if it's
 2 Eduardo's or who it was.
 3 Q So, who else would it be besides
 4 Eduardo?
 5 A I would have to double check, Ms.
 6 Harris.
 7 Q Okay. Do you know generally who signs
 8 the student contracts?
 9 A Generally, it -- it was me.
 10 Q Okay. So, if it wasn't you and it's --
 11 you've listed you, Eduardo. Who are your other
 12 employees that sign contracts?
 13 A I would have to get back with you on
 14 that, Ms. Harris.
 15 Q Who are your other employees?
 16 A I can definitely get -- give you a
 17 list. I'll just give it to my attorney to give
 18 you a list on that.
 19 Q Okay. Can you name some?
 20 A Yeah. Norma Chavez, Omar, Ingrid,
 21 Marco, Pedro, Juan, Wendy, Eddie.
 22 Q Did any of them sign contracts?
 23 A Not that I'm aware of. I would have to
 24 go and check on that.
 25 Q Okay. And with these names, do you

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1 have any of their last names?
 2 A I can get you that information through
 3 Mr. -- through my attorney.
 4 Q Okay. Okay. Do you -- do you not know
 5 their last names?
 6 A Not all of them, no, ma'am.
 7 Q Okay. For example, what is Omar's last
 8 name?
 9 A Chavez.
 10 Q What is Ingrid's last name?
 11 A Martinez.
 12 Q What is Marco's last name?
 13 A I don't remember right now.
 14 Q Okay. Do you know Pedro's last name?
 15 A Yes, Enriquez.
 16 Q Okay. Do you know Juan's last name?
 17 A Galarso.
 18 Q Okay. And do you know Wendy's last
 19 name?
 20 A No, ma'am, I don't.
 21 Q And what about Eddie's last name?
 22 A I would have to go check, Miss -- Ms.
 23 Harris.
 24 Q Okay. But you don't know whose
 25 signature is on this contract?

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1 A No, ma'am.
 2 Q Okay. Who -- you established the
 3 business in 2020. When did you start sending out
 4 contracts?
 5 A I believe it was 2020. I don't know
 6 the exact date.
 7 Q Okay. Who drafted the contract?
 8 A At the beginning I did to be honest
 9 with you. I did -- I'm sorry?
 10 Q I apologize, I didn't let you finish
 11 your answer.
 12 A No. At the beginning I did because
 13 I -- I, myself and Eduardo did. Like I said, it
 14 was more, you know, a -- you know, 2020 was
 15 pretty much we started as -- you know, we were
 16 just educating people and when we draft -- I
 17 mean, they're the ones that ask us why don't they
 18 give us loans to start doing trading so they can
 19 take their opportunity in themselves as well.
 20 And one thing that I did tell them that was --
 21 all the time I used to tell them is, you know,
 22 the company is always willing to focus on you
 23 guys learning and doing the necessary things so
 24 you don't have to depend on us or on any other
 25 companies out there to do the trading for you

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1 guys. Or -- yes.

2 Q I'm sorry, Mr. Chavez, finish your
3 answer.

4 A No. No. One thing that my mind that I
5 always put is that we -- 'cause there's so many
6 crypto companies out there that -- you know, that
7 have come and -- and just leave and -- and make
8 people, you know, lose money. One thing that we
9 focus on -- we never wanted to focus on two
10 things which was money and quantity. We never
11 wanted to focus on -- you know, on obtaining
12 money from people or having a large company
13 itself because we know that there are
14 responsibilities. We know the risks. We know how
15 the crypto market is itself.

16 Q Okay. Did you use a template for this
17 contract?

18 A I'm sorry?

19 Q Did you use a template for this
20 contract?

21 A No, ma'am.

22 Q Okay. Did you have a -- an attorney
23 review this -- this contract?

24 A Later on, yes. Later on, but at the
25 beginning --

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1 Q And when I say, review this contract,
2 did you have an attorney review this -- this form
3 of contract?

4 A No, ma'am.

5 Q Okay. But you had an attorney review
6 this specific contract, correct?

7 A Well, not -- not necessarily this
8 specific contract. Like I said, we did it
9 ourselves.

10 Q Okay. And you didn't have an attorney
11 review the form before you started sending it out
12 to students and people who were giving you loans;
13 is that correct?

14 A Correct. No, ma'am.

15 Q Okay. How did you recruit Ms. Vasquez?

16 A Vasquez? It was a referral to -- can
17 you put the page up. Sorry. I'm sorry, could
18 you put the page up to the top. Okay, right
19 there's good. Right there's good.

20 He was referred through Marios. You
21 know, right after the \$1,000.00, after the
22 \$1,000.00, he was referred by that person.

23 Q I don't understand your answer. Can
24 you explain.

25 A Okay. That particular person, Mr.

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1 Vasquez, was referred to the academy through
2 Marios. I don't -- I don't recall the person's
3 name. Marios.

4 Q Okay. So, this is a contract for
5 Margarito Sajceme Vasquez. And on the user
6 column there's two names, Marcos Guzman and
7 Felipe --

8 A Yeah, I'm sorry. Marcos. Marcos.

9 Q Okay. Go ahead.

10 A Okay. Marcos is the one that referred
11 this person Margarito.

12 Q Okay. Did Ms. Vasquez come in and take
13 classes with you?

14 A I don't -- I don't recall that.

15 Q Okay. So, there's a start date here of
16 January 23rd, 2021. What does that mean?

17 A Okay. That's when Mr. Vasquez got
18 involved in the program.

19 Q And so we have a clear record, is
20 Margarito Mr. Vasquez or Mrs. Vasquez?

21 A I don't understand the question.

22 Q Sure. Do you know if Margarito is a
23 male or a female?

24 A Margarito is a male.

25 Q Okay. Okay. So, on January 23rd, 2021

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1 what happened?

2 A That's when Mr. Margarito started the
3 academy.

4 Q Okay. But you don't know whether or
5 not he attended classes?

6 A No, ma'am.

7 Q Okay. So, when you say, Started the
8 academy, do you mean that's when he gave you
9 \$1,000.00?

10 A That's when he joined the -- the
11 academy, that's what it means, correct.

12 Q Okay. So, the record's clear, that's
13 when he paid the \$1,000.00; is that right?

14 A Yes, ma'am.

15 Q Okay. So, it also has an end date of
16 July 23rd, 2021. What does that date mean?

17 A Okay. That date means that's when the
18 loan ends.

19 Q Okay. And --

20 A That's when --

21 Q Go ahead.

22 A That's when Mr. Margarito says, you
23 know, my -- I already learned what I had to
24 learn. So, I already obtained. Now I can decide,
25 I want to continue with the academy or I just

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1 want to, you know, get my -- the \$1,000.00 that I
 2 loaned the company back.
 3 Q Okay. So we're clear, you're referring
 4 to him as Mr. Margarito. I'm referring to him as
 5 Mr. Vasquez, but this is the same person?
 6 A Yes, it is.
 7 Q Okay. Let's refer to him as Mr.
 8 Vasquez so we have a clean record.
 9 A Okay.
 10 Q So, am I correct in saying that Mr.
 11 Vasquez gave you \$1,000.00 on January 23rd, 2021
 12 and his loan ended on July 23rd, 2021. So, a
 13 six-month loan, correct?
 14 A Yes, ma'am.
 15 Q But you don't know if Mr. Vasquez ever
 16 attended classes; is that correct?
 17 A Correct.
 18 Q So, this contract is for the loan,
 19 right?
 20 A Yes, ma'am.
 21 Q Okay. What does Bronze 1K buy him?
 22 A That gives him -- that's more like a
 23 starter -- a starter program. That's our basic
 24 category.
 25 Q Okay. But you previously testified

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1 that he's giving you a loan and you don't know
 2 whether or not he attended classes. So, I'm
 3 trying to determine where the money went.
 4 Is the money for classes or is the
 5 money for you to do the Bitcoin trading?
 6 A Okay. This is -- this money here give
 7 me the ability that -- was his loan that he put
 8 in here, gave him the ability for -- for me to do
 9 the trading, but also for him to take classes.
 10 Q Okay. Okay. You just don't know
 11 whether he did or not?
 12 A Exactly. Yes, ma'am.
 13 Q Okay, got it.
 14 At the very bottom of page one it says,
 15 Month six. And then it signifies the date -- the
 16 end date of the loan which is July 23rd, 2021.
 17 And then it states, \$1,080.00. What does that
 18 mean?
 19 A That means that at the end what he made
 20 was \$1,080.00.
 21 Q Okay. So, he made a profit of \$80.00?
 22 A No. I believe he made a profit of
 23 \$1,080.00.
 24 Q He put in \$1,000.00?
 25 A Yes, ma'am.

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1 Q So, his profit was \$80.00; is that
 2 correct?
 3 A No. No. His profits was \$1,080.00.
 4 Q Oh, I see, okay. So, that is his
 5 overall profit, okay. So, his overall profit was
 6 \$1,080.00?
 7 A So, on July 23rd, you know, he --
 8 Margarito -- Mr. Vasquez, I'm sorry, could have
 9 said, you know, I want to continue with the
 10 academy or I just want my -- the capital that I
 11 let the company borrow, I want it back.
 12 Q Okay. To be clear, no where on this --
 13 no where in this contract do you disclose how
 14 much profit or commissions you took from the
 15 trades that you made with his money; is that
 16 correct?
 17 A That is correct.
 18 Q Okay. At the -- at the top of page one
 19 there is a 140 number under Marcos Guzman's name.
 20 What does that signify?
 21 A That -- that signifies that when he
 22 brought -- let me see. Can you pull it up?
 23 Q It's going to be at the top of page
 24 one.
 25 A Okay. So, let me -- let me tell you

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1 what that was.
 2 Whenever the company is doing --
 3 giving -- the trading, the earnings, we, Eduardo
 4 and I, we as -- as a company, decided to do a --
 5 a little promotion. So, what happened was, you
 6 know the seven percent that you obtained which is
 7 the -- the \$70.00? He -- he did a double
 8 percentage on the profit on that particular
 9 account. That's what it means. When he -- on --
 10 on the referral piece.
 11 Q So, is it my understanding that Mr.
 12 Guzman got double the referral fee on this
 13 contract?
 14 A Yes, ma'am. Every time we as a company
 15 did good as a -- in the trading and everything,
 16 you know, for maybe five days, ten days, that's
 17 what happened with this particular contract.
 18 Q Okay. Who --
 19 A Filipe -- I'm sorry.
 20 Q Go ahead?
 21 A Filipe, which is the second sponsor,
 22 got \$30.00.
 23 Q Who decided when to double the
 24 referral?
 25 A We do. Eduardo and I did.

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1 Q Okay. Would you ever tell Mr. Vasquez
2 that the referrals were being doubled?

3 A Yes, but -- yes and no because -- how
4 can you say it? This is -- you never know --
5 this is something that we -- whenever we have
6 gains, that's when we -- we put it. It's not all
7 the time.

8 Q I understand it was at your discretion.
9 My question is, would you tell the people giving
10 you loans that you were doubling the amount of
11 the referrals?

12 A On this particular person, I don't
13 recall that, ma'am, no.

14 Q Okay. But in general, would you tell
15 them that you were doubling the amount of
16 referral fees?

17 A Yes, ma'am.

18 Q When would you do that?

19 A Whenever we decide that, you know, we
20 had a week or great month and that's when we'd do
21 it.

22 Q Okay. So, those referral fees were
23 coming out of their -- the profits from their
24 loan; is that correct?

25 A No. Those -- those referral fees are

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1 profits that the company did.

2 Q Correct. Which are profits from their
3 loan; is that correct?

4 A That is correct. Yes, ma'am. Yes,
5 ma'am.

6 Q Okay. So, you would initially tell
7 them seven percent. And then, they would get
8 less money because you would double the amount of
9 referral fees coming out of their profit share;
10 is that right?

11 A Well, in -- in some -- it actually came
12 from -- you know how I told you about the -- the
13 Founders Circle, when we had the Founders
14 Circle --

15 Q Yes.

16 A -- where we had to give away a little
17 bit money? So, it comes from -- from the
18 company's money or profits.

19 Q Okay. But those profits are still
20 profits from the loans; is that correct?

21 A That is correct. Yes, ma'am.

22 Q Okay. So, you would tell people after
23 they gave you their money that you are going to
24 reduce their profit share because you were giving
25 more money out as referral fees; is that right?

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1 A No. No, we don't -- we don't say that.

2 No, ma'am.

3 Q I understand that's not what you said,
4 but what I'm trying to get at is what was told to
5 the people giving you loans. Would you tell them
6 that, We're doubling the referral fee?

7 A Yes, ma'am.

8 Q Okay. And you told them that after
9 they gave you the loans?

10 A I'm so sorry, Ms. Harris, I'm a little
11 confused with your question. I'm so sorry.

12 Q Sure. Let me clarify.

13 A Yes.

14 Q Mr. Vasquez gives a loan of \$1,000.00
15 and presumably his understanding is that it is
16 going to be a seven percent referral fee because
17 that's standard; is that correct?

18 A That is correct. Yes, ma'am.

19 Q Okay. When would you tell Mr. Vasquez,
20 No, we're doubling the referral fee?

21 A Oh, no. No. We -- we -- we tell
22 them -- we tell them before -- before he
23 enrolled.

24 Q How could you tell them before if it
25 was only done discretionary and you would decide

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1 based on how the trading was going? How would
2 you know?

3 A What I didn't tell -- I didn't tell Mr.
4 Vasquez that. The one that I did tell about that
5 was Mr. Marcos I mean.

6 Q Okay. So, you answered my question,
7 but let me make it clear for the record.
8 So, you would not tell the people who
9 were giving -- you were giving -- let me strike
10 that.

11 You would not tell the people who gave
12 you loans that you were doubling the referral
13 fee; is that right?

14 A That is correct.

15 Q Okay. Glad we made that clear.

16 However, because you were doubling the
17 referral fee, their return would be smaller; is
18 that right?

19 A No, because that would come from the --
20 from the earnings made by the company.

21 Q Correct. It's my understanding that
22 the earnings from the company are -- are the
23 loans that are in front of us here. Is that not
24 right?

25 A Yes. Yes. It would seem --

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1 the business model changed?

2 A No, ma'am.

3 Q Okay. So, you're still giving out
4 Bitcoin and you're still giving out returns for
5 the people who are giving you loans; is that
6 correct?

7 A For the previous contracts we -- that
8 is to say, we not promoting because we didn't
9 know how things, you know, right now are.
10 Especially when we get the subpoena. So, this
11 was something that we -- we still have the same
12 model.

13 Q Okay. And, Mr. Chavez, it's important
14 we don't talk over each other, but with this
15 contract, am I correct in saying you have the
16 same model in that you are still taking loans and
17 investing in the cryptocurrency space and you're
18 still doing classes; is that correct?

19 A We're still doing the -- we're still
20 paying out these loans and we still doing the
21 classes as well, yes, ma'am.

22 Q Okay. Mr. Lopez -- how was Mr. Lopez
23 recruited?

24 A Same, he was referred through somebody.

25 Q And based on this contract is it my

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1 understanding that Mr. Lopez was recruited by
2 Juan Antonio Hernandez?

3 A On the screen I cannot see it. Can you
4 please move it up?

5 That is correct. Yes, ma'am.

6 Q And the indirect sponsor is Mr. Tursio,
7 correct?

8 A That is correct. Yes, ma'am.

9 Q Okay. And Mr. Lopez gives you a loan
10 of \$50,000.00; is that correct?

11 A Yes, ma'am.

12 Q On July 15th, 2021?

13 A Yes, ma'am.

14 Q Do you see on the far left a check
15 number starting at 685?

16 A Yes, ma'am.

17 Q What does that signify?

18 A That he probably -- what happened was
19 that he gave a check for the \$50,000.00. That's
20 what it means.

21 Q Where would that check go?

22 A I would have to -- I don't have that
23 information, Ms. Harris. I will have to double
24 check on that.

25 Q Understood, but in general where would

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1 you deposit checks for loans?

2 A To one of the -- to the CryptoFX
3 account or it was probably at the deposit to a
4 CBT Group account.

5 Q Okay. What is CBT Group?

6 A CBT Group is -- it's a real estate
7 company that -- that I was establishing for the
8 academy as well.

9 Q Okay. I'm going to come back to that
10 later, but let me ask, if he signs up for the
11 gold package and pays \$50,000.00, what does that
12 buy him?

13 A Again, that's the opportunity to -- you
14 know, like, the program that we have for where we
15 put the money to trade. And also with the gold
16 package gives him access to more, like,
17 one-on-one classes. More, I would say, VIP
18 classes, more advanced classes.

19 Q With the gold package is there an
20 opportunity to get greater returns?

21 A Not necessarily, no, ma'am.

22 Q You previously said with the VIP
23 classes that there was an opportunity to get
24 greater returns.

25 A Yes.

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1 Q Is the gold package different than VIP
2 package?

3 A Yes, ma'am. VIP was the -- they will
4 have an opportunity to get higher returns. Gold
5 package only means that you have access to more
6 advanced classes.

7 Q Okay. Okay. So, \$50,000.00 means he
8 got the most advanced classes and he gave you a
9 loan for \$50,000.00; is that right?

10 A Yes, ma'am.

11 Q Okay. And on October 15th, 2021 he got
12 a return of \$22,500.00; is that right?

13 A Yes, ma'am.

14 Q Okay. And his direct sponsor got a
15 payment -- referral payment of 3,500?

16 A Yes.

17 Q And then his indirect sponsor got a
18 payment of 1,500?

19 A Yes, ma'am.

20 Q Okay. Let me ask you about where --
21 well, let me step back.

22 The payment of 22,500, was that in cash
23 or would that be in Bitcoin?

24 A I would have to check, Ms. Harris.

25 Q Okay. You don't know, okay. But if it

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1 account.
 2 Is it your testimony today that every
 3 loan that you received was deposited under a
 4 CryptoFX bank account?
 5 A Yes, ma'am.
 6 Q Yes?
 7 A I'm so sorry. Could you repeat that
 8 again? I didn't --
 9 Q Sure.
 10 A Could you rephrase that? I'm sorry.
 11 Q Sure.
 12 Every loan -- every loan that you
 13 received, whether it was cash, a check, a wire,
 14 was it placed under a CryptoFX business account,
 15 whether that was at Cadence Bank or Lone Star
 16 Bank; is that -- is that correct?
 17 A Yes, ma'am.
 18 Q Okay. So, you never would take loan
 19 money and put it into a CBT Group account?
 20 A I will have to double check on that and
 21 get with my attorney and give you that
 22 information.
 23 Q Okay. Would you ever direct any people
 24 who were giving you loans to make out checks to
 25 the CBT Group?

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1 A Not that I recall. I will have to
 2 double check with on that, Ms. Harris.
 3 Q Okay. If you were to put any loan
 4 money into the CBT Group account would you
 5 disclose that to the people who were loaning you
 6 money?
 7 A No, ma'am.
 8 Q Okay. If you were to put money into
 9 the Maurizzio Group account would you disclose
 10 that to the people who were loaning you money?
 11 A I would have to check on -- on the
 12 previous questions and -- and -- and this I would
 13 to -- I don't recall.
 14 Q Okay. You don't recall whether or not
 15 you told a person loaning you money, I'm going to
 16 put this into a CBT Group account? You don't
 17 recall that?
 18 A Most likely, yes. I would say yes to
 19 that -- to that question.
 20 Q Okay. You would tell them that you
 21 were depositing it into a separate account that
 22 was separate from CryptoFX?
 23 A Yes, ma'am.
 24 Q Okay. Would you tell them that CBT
 25 Group was a real estate firm or, excuse me, a

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1 real estate development account?
 2 A Yes, ma'am.
 3 Q Okay. How would you tell them this?
 4 A Pretty much when they were -- they
 5 were -- they would write a -- a check that's told
 6 to them at that time.
 7 Q Okay. So, you would have to kind of
 8 tell them this because they would write a check
 9 for CBT Group, correct?
 10 A Correct. Yes. Because they cannot
 11 just sign a check for a particular entity without
 12 knowing where it's going.
 13 Q So, am I correct in saying that you did
 14 direct some of the people giving you loans to
 15 fill out checks to the CBT Group, correct?
 16 A Now that you refresh -- yes. Yes,
 17 ma'am.
 18 Q Okay. And that money was used for
 19 Bitcoin trading?
 20 A Yes, ma'am.
 21 Q Okay. Okay. We are at 1:16. I -- I'm
 22 at a good place where I can stop. And I think we
 23 can go off the record now for lunch.
 24 (Whereupon, at 1:16 p.m., a luncheon
 25 recess was taken.)

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1 AFTERNOON SESSION
 2 MS. HARRIS: We are back on the record
 3 at 2:13 p.m. Central Time.
 4 BY MS. HARRIS:
 5 Q Okay. Mr. Chavez, we left off talking
 6 about your bank account and the transfers of
 7 money between your bank accounts. I'd like to
 8 pick up on my questions there.
 9 So, Mr. Chavez, you mentioned that you
 10 had bank accounts under CryptoFX, Maurizzio
 11 Group -- Maurizzio Group, CBT, LLC; is that
 12 correct?
 13 A Yes, ma'am.
 14 Q Do you have any other entities in which
 15 you have bank accounts under?
 16 A That's the only -- those are the ones I
 17 have accounts under besides myself.
 18 Q So, that's it?
 19 A Yes, ma'am.
 20 Q Okay. Was there ever a CryptoFX -- or,
 21 excuse me, a Crypto Lifestyle bank account?
 22 A No, ma'am.
 23 Q Okay. I want to understand the flow of
 24 money once you got a loan. So, I'm going to ask
 25 you some questions and if you could walk me

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1 Q Can you list those out again? Exodus,
2 Blockchain and what was the third one?
3 A Bittrex. Bittrex.
4 Q You previously only listed two, Exodus
5 and Blockchain, but there were three wallets --
6 or, excuse me, three exchanges and four wallets;
7 is that right?
8 A No. The -- the wallets and the
9 exchanges is the same, the same thing.
10 Q Okay. Help me understand a little bit
11 more. So, you had a wallet on Exodus. You had a
12 wallet on --
13 A Blockchain.
14 Q -- Blockchain. And then you had two
15 wallets on the other one?
16 A Bittrex. Bittrex. The other wallet
17 Eduardo is the one that managed that one.
18 Q Okay.
19 A He had a Binance wallet.
20 Q Okay. So, you had one wallet on
21 Binance --
22 A Bittrex.
23 Q -- one wallet -- please let me finish
24 my question.
25 A Yes, ma'am.

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1 Q You had one wallet on Binance. You had
2 one wallet on Blockchain. You had one wallet on
3 Exodus and you had one wallet on Bittrex?
4 A Bittrex, yes, ma'am.
5 Q Bittrex, okay. And those four wallets
6 were the wallets that you used for Bitcoin
7 trading for CryptoFX?
8 A Yes, ma'am.
9 Q Where were those wallets -- what bank
10 account were those wallets linked to?
11 A I would have to double check on that,
12 Ms. Harris.
13 Q Okay. Let me get back to the transfers
14 between your personal and business accounts. You
15 said it was to buy Bitcoin, correct?
16 A Yes, ma'am.
17 Q And you had to buy Bitcoin through your
18 personal account?
19 A Like I said, I have to check because
20 what happened is like, for instance, if I bought
21 it from somebody, I would have to do a wire
22 transfer or a check or, you know, for -- or buy
23 cash from that person. So, I would have to
24 double check on those accounts.
25 Q I'm still not understanding it. So,

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1 please help me understand it.
2 A Okay. Can you rephrase, please, Ms.
3 Harris.
4 Q Sure. I'm trying to understand why you
5 were transferring from your business account to
6 your personal account. And it was your previous
7 testimony that you had to do it because you had
8 to buy Bitcoin under your personal account; is
9 that correct?
10 A Correct. Yes, ma'am.
11 Q Okay. So, you were transferring money
12 from the CryptoFX business account to your
13 personal account; is that correct?
14 A Correct.
15 Q To buy Bitcoin, correct?
16 A Correct. Yes, ma'am.
17 Q Help me understand why you couldn't
18 have just bought Bitcoin from the CryptoFX
19 account.
20 A Because on the CryptoFX account, like,
21 an exchange from Bittrex, that exchange is under
22 my name. It's not under CryptoFX because I
23 couldn't open under CryptoFX on that exchange.
24 Q Okay. Is the Blockchain account under
25 your name?

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1 A Yes, ma'am.
2 Q Is the Binance account under your name?
3 A No, ma'am.
4 Q Is the Exodus account under your name?
5 A That one, it's -- no, ma'am.
6 Q What is that under?
7 A It's under -- it doesn't have -- I
8 think it's under the company name because it
9 doesn't specifically put a name on that account.
10 Q So --
11 A All -- all four of them are company
12 accounts. Binance account was Mr. Eduardo's
13 account.
14 Q So, these are all company accounts, but
15 it sounds like two of them had your name on them
16 personally?
17 A Yes, ma'am.
18 Q And that's why you had to link it to
19 your personal account?
20 A Yes, ma'am.
21 Q Did you ever make transfers from the
22 business account to your personal account to pay
23 yourself commission?
24 A No, ma'am.
25 Q But you took commission, correct?

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1 A Yes, ma'am.
 2 Q How would you take those commissions?
 3 A I would put myself a -- a salary on a
 4 weekly basis.
 5 Q Okay. And how would you pay yourself
 6 that salary?
 7 A Through Bitcoin.
 8 Q Which account?
 9 A To one of my Exodus accounts, personal
 10 Exodus account.
 11 Q So, you had both a business and
 12 personal Exodus account?
 13 A Yes, ma'am.
 14 Q Did you have a personal -- excuse me.
 15 Did you have a personal Bittrex account?
 16 A Bittrex account, yeah. That's my
 17 personal, yes, ma'am.
 18 Q I'm trying to understand all of your --
 19 your Bitcoin accounts. So, let's list them out.
 20 So, you have one is the Binance account
 21 which is used for CryptoFX trading --
 22 A Yes.
 23 Q -- but that was by Eduardo; is that
 24 correct?
 25 A That is correct. Yes, ma'am.

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1 Q When he passed did you lose access?
 2 A Yes, ma'am. I don't have access to
 3 that.
 4 Q You do not have access to that, okay.
 5 With the Exodus account you have both a
 6 business and a personal, correct?
 7 A Yes, ma'am.
 8 Q Just two, correct?
 9 A Correct. Yes, ma'am.
 10 Q But the business one has CryptoFX and
 11 the personal has your name, correct?
 12 A Yes, ma'am.
 13 Q With the Bittrex you have a personal
 14 account?
 15 A That is -- no, ma'am. No, I don't have
 16 a personal account number.
 17 Q With the Bittrex do you have a business
 18 account?
 19 A That is the business account, yes,
 20 ma'am.
 21 Q With the Blockchain do you have a
 22 personal account?
 23 A Yes, ma'am.
 24 Q And do you also have a business
 25 account?

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1 A Not with -- not with Blockchain, no,
 2 ma'am.
 3 Q Okay.
 4 A Or, I'm sorry, it is a company account.
 5 I don't have a personal account. That's my
 6 mistake.
 7 Q With Blockchain do you have a personal
 8 account?
 9 A No, ma'am.
 10 Q With Blockchain do you have a business
 11 account?
 12 A Yes, ma'am.
 13 Q Okay. And you would pay yourself
 14 salary via Exodus from your business account to
 15 your personal account?
 16 A Yes, ma'am.
 17 Q How much was your salary?
 18 A Anywhere from 5,000 to 10,000 a week
 19 depending on the -- on how the trading was.
 20 Q So, your salary was commission based,
 21 correct?
 22 A Yes, ma'am.
 23 Q Totally commission based?
 24 A Yes, totally commission based.
 25 Q Okay. Okay. Did you ever move -- let

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1 me ask a better question.
 2 Did you ever transfer money from the
 3 CryptoFX account at Cadence to the CBT, LLC
 4 account?
 5 A I don't recall it. I don't recall
 6 that.
 7 Q Did you ever transfer money from
 8 CryptoFX Cadence to the Maurizzio account?
 9 A I don't recall. I would have to check.
 10 I don't recall it.
 11 Q Okay. Is it possible?
 12 A I would have to check. I wouldn't -- I
 13 wouldn't -- I wouldn't know to be honest with
 14 you.
 15 Q Okay. I don't want you to speculate.
 16 Did you ever take investor money into
 17 the Mauricio account?
 18 A Could you rephrase your question?
 19 Q Sure.
 20 Did anyone ever pay you a check, give
 21 you cash, send you a wire transfer and you put
 22 that money into the Maurizzio account?
 23 A Not that I recall. I would have to
 24 double check on that, Ms. Harris.
 25 Q You previously testified that you

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1 it in Bitcoin. Then from there I just traded
2 with other coins such as Cardona, SOP, you know,
3 Solana. They're different coins, that's what I
4 meant. I didn't mean different currencies, but I
5 meant different coins.

6 Q Okay. Are those -- the ones that
7 you've listed -- the ones you've listed, are
8 those it? Are their other ones?

9 A I do more, but I'm just giving you an
10 example.

11 Q Okay. Can you list all of the ones you
12 can think of?

13 A Sure. Cardona, Ripple, Dodogecoin,
14 Chief, Solana, Bit, Binance Coin. There's --
15 yeah, there's so many, but the majority that I
16 did trading with is the top ten which are the
17 more, I wouldn't say secure, but less riskier
18 coins. There's a Shane, Uniswap, Galla, you
19 know. Those are the ones that I do most of my
20 trading with.

21 Q Okay.

22 A But there's 4,000 coins.

23 Q Okay. You take in a loan. You buy the
24 Bitcoin on one of these four wallets. You then
25 have to pay out a return to the people who you

Page 172

1 owe money to; is that correct?

2 A Yes, ma'am.

3 Q How do you pay out these returns?

4 A Through Bitcoin. And some we did a
5 bank deposit.

6 Q Okay. So, let's take it step by step.
7 Through Bitcoin, when you would pay out through
8 Bitcoin you would pay out through Binance?

9 A No. Some through -- see, mostly with
10 Exodus and Blockchain. Some through Binance, but
11 it was not that many. It was mostly Exodus and
12 Blockchain.

13 Q Okay. So, when we pull the records for
14 Exodus and Blockchain we should see lots of
15 returns being paid out to the people that you --
16 that you took money from?

17 A Yes, ma'am.

18 Q Okay. Did you pay out returns in cash?

19 A A few. Not -- mostly Bitcoin and
20 deposits into bank accounts.

21 Q Okay. So, for the bank account
22 deposits, let's go to that, where would you pay
23 out these deposits from, what account?

24 A The -- the bank accounts of the -- of
25 the individual, the student.

Page 173

1 Q I didn't hear you, Mr. Chavez. That
2 might be my fault, but can you repeat?

3 A On the bank account of the -- that
4 particular student.

5 Q I understand, but where -- what account
6 would you pay from?

7 A Oh, what account would I pay from? It
8 was from the CryptoFX account, but then I would
9 also buy cashiers checks and deposit to their
10 accounts.

11 Q Okay.

12 A Money orders and things like that.

13 Q I'm sorry I interrupted you. Can you
14 repeat your answer?

15 A Yes. It was from the CryptoFX bank
16 account, but it was also from -- I'm sorry, it
17 was from money orders and cashiers checks that I
18 would buy. And I have records as well.

19 Q Okay. So, when we look at your records
20 we should see the investors getting these returns
21 in money orders, wire transfers and cashiers
22 checks from the CryptoFX account at Cadence; is
23 that right?

24 A Yes, ma'am.

25 Q Did you ever pay that from any other?

Page 174

1 A I don't have that information. I will
2 have to double check on that.

3 Q Do you not remember whether you paid
4 them through another account?

5 A No, because that particular side of
6 things, Eduardo was more involved with that. I
7 was more involved with the operations, like,
8 trading side in the crypto space.

9 Q Okay, but this is more -- this is more
10 about the returns.

11 Do you have records of how you were
12 paid -- of how you paid ever single investor?

13 A Yes, ma'am.

14 Q Okay. So, those are responsive to our
15 production -- or to our subpoena and we would
16 like to see those records.

17 Did you ever pay out people in cash?

18 A A few, yes, ma'am.

19 Q And you have records of when and how
20 that happened?

21 A Yes, ma'am.

22 Q Okay. Did you ever pay out people via
23 Zelle?

24 A No, ma'am. Not that I recall.

25 Q Okay. Did you ever pay out people via

Page 199

1 Q So, starting at March 29th, 2021 at
2 4:30 Gio is discussing, Our attorney has just
3 reminded me that he has yet to receive your
4 personal taxes for last year. We have passed our
5 deadline and I have asked for extension. 1.7
6 million needs to be put into the CDT account on
7 April 7th. Do you see that?

8 A Yes, ma'am.

9 Q Okay. Without telling me what you
10 discussed with any attorney, do you know what
11 attorney Mr. -- or Georgio is referencing?

12 A No, ma'am.

13 Q So, you -- you don't know what attorney
14 he's talking about? It says, Our attorney.

15 A But he's the one that managed that. I
16 don't have that information, ma'am.

17 Q Okay. So, you don't know who CBT's
18 attorney was?

19 A No, ma'am.

20 Q Okay. And where would this \$1.7
21 million come from?

22 A Through the people that would loan for
23 the CBT account.

24 Q Can you repeat your answer, Mr. Chavez?
25 I didn't quite understand it.

Page 200

1 A From -- from the people that would loan
2 for the CBT Group. For the people that was doing
3 the loans for the CBT.

4 Q Okay. So, why did -- I'm trying to see
5 if this is -- I'm trying to understand the
6 construction of this message here.

7 Why did \$1.7 million need to be -- I'm
8 assuming that means CBT account by April 7th, why
9 was that?

10 A Because we were looking into purchasing
11 a land to build apartment complex.

12 Q Okay. So, I'll represent to you that
13 throughout this Webex -- excuse me, WhatsApp
14 conversation you guys talk about this million
15 dollars -- \$1.7 million several times. Where
16 were you getting this money?

17 A From people that would loan the money.

18 Q Okay. So -- so, from investors?

19 A Different -- different people that
20 would loan the money for -- for the loans for us
21 to -- to do the development.

22 Q Okay. Did you ever get this money?

23 A No, ma'am.

24 Q And is that because you couldn't find
25 additional investors to give you money?

Page 201

1 A I didn't. It was because I didn't
2 promote to do it, if I understood me. Because if
3 I would pay out people from that, you know,
4 whatever we did, then I would -- I would have got
5 it.

6 Q Okay. So, my understanding was you're
7 saying it's because you didn't really promote CBT
8 you were not able to get this money in order to
9 make the real estate development purchase that
10 you wanted, right?

11 A Correct.

12 Q Okay. I know you previously testified
13 that you don't know how many investors CBT has,
14 but do you have records where we could find out?

15 A I can definitely look into that, yes,
16 ma'am.

17 Q And have you -- perhaps you answered
18 this. Forgive me if you have. You've never
19 taken a salary from CBT; is that correct?

20 A No, ma'am.

21 Q Okay. And your primary source of
22 income is from CryptoFX; is that correct?

23 A That is correct.

24 Q Okay. So, since you had not purchased
25 any real estate through CBT as of yet, where

Page 202

1 has -- where is the investor money sitting right
2 now?

3 A In the account.

4 Q In the account, okay. Has any -- has
5 any money been taken out of it?

6 A Not investors money, no, ma'am.

7 Q Okay. I mean, do you guys have any
8 overhead or anything that you're using where
9 you're spending investor money?

10 A Gio he has some salary.

11 Q How much is his salary?

12 A I believe it's 2,500 a week maybe.

13 Q Is his salary disclosed to investors?

14 A No, ma'am.

15 Q And you previously testified that you
16 don't remember whether or not these investors
17 with CBT Group have contracts, correct?

18 A Correct. Yes, ma'am.

19 Q Were you the primary person
20 communicating with the CBT Group investors?

21 A Myself and Eduardo.

22 Q How did you communicate with them?

23 A Face-to-face.

24 Q Face-to-face, okay. When they would --
25 well, any e-mails?

Page 203

1 A No, ma'am.
 2 Q Text messages?
 3 A No, ma'am.
 4 Q Okay. And there are no promotional
 5 materials for CBT Group; is that correct?
 6 A No, ma'am.
 7 MS. HARRIS: Let's go to page ending in
 8 Bates label 751, please.
 9 Q Right in the middle Mr. -- or
 10 Georgio -- I'm sorry, what is his name again?
 11 A Georgio.
 12 Q Georgio, correct. Okay, Georgio gives
 13 you a link to www.McNamaraGroup. And then he
 14 states, I'm trying to set up a Zoom call or
 15 possibly a conference call with Rhory McNamara at
 16 McNamara Corporate Services, Inc. based in St.
 17 Lucia to set up your offshore account. Checkout
 18 his website.
 19 Later, further down there's audio
 20 omitted. He also says, Brother, I will be at the
 21 office in the morning for a Zoom call with St.
 22 Lucia and offshore account. I will be headed to
 23 Magnolia for Spirit of Texas Bank business. If
 24 you have more checks for me, please give them so
 25 I can deposit them into the CBT account. See you

Page 204

1 this morning.
 2 So, let me ask you first, do you have
 3 an offshore account in St. Lucia?
 4 A No, ma'am.
 5 Q Were you attempting to set up one in
 6 St. Lucia?
 7 A I was, but I never did.
 8 Q Okay. What was the purpose of that?
 9 A I wanted -- wanted to have an offshore
 10 account to establish a -- a business outside the
 11 U.S.
 12 Q What was going to be that business?
 13 A Pretty much it was going to be the same
 14 real estate development business.
 15 Q Where?
 16 A In El Salvador.
 17 Q But this account has never been set up,
 18 correct?
 19 A No, ma'am, never.
 20 Q Okay. Do you have any accounts with
 21 the McNamara Group?
 22 A No, ma'am.
 23 Q Okay. On the next page, if we could go
 24 down there, right in the middle Georgio says,
 25 Give me a ballpark figure on how much money and

Page 205

1 checks you are sitting on. Then he says, Money
 2 in checks, correcting himself from the previous
 3 message. And you respond, Morning Bro, like a
 4 million. A lot under the Maurizzio Group.
 5 Explain that back and forth to me a little bit.
 6 Take your time.
 7 A I believe we were still trying to -- to
 8 purchase that land and -- but, like I said, we
 9 never -- we never purchase it. So, that's why he
 10 wanted to know how much money I had.
 11 Q You state under -- you state in
 12 response to him, A lot under Maurizzio Group, but
 13 you previously testified that Maurizzio Group did
 14 not really take investors. So, help me
 15 understand that.
 16 A No, Maurizzio doesn't -- does not take
 17 investors for -- for any real estate at all.
 18 Q So, how do you have \$1 million under
 19 the Maurizzio Group?
 20 A I would have to go into the -- those
 21 bank records and -- and check. I don't --
 22 Q Okay. Is it -- go ahead.
 23 A No, go ahead. Go ahead, ma'am.
 24 Q Well, my question is, is it based on
 25 Maurizzio Group's operations?

Page 206

1 A Yes, but I would have to go into the
 2 statements and -- and really check to see what --
 3 what those were.
 4 Q Right. So, at some point you
 5 represented you have like a million under the
 6 Maurizzio Group. And that is based on the
 7 Maurizzio Group's profits, correct?
 8 A Correct.
 9 Q So, these are not student funds or
 10 investor money that you directed to the Maurizzio
 11 Group, but it's really money from CryptoFX; is
 12 that right?
 13 A Could you rephrase that question?
 14 Q Sure. So, when you previously talked
 15 about Maurizzio Group it sounded like it was
 16 something that you were just starting. And I
 17 want to understand how you have \$1 million in the
 18 bank for Maurizzio Group. Is it from the
 19 operations?
 20 A Yes, ma'am.
 21 Q Okay. So, based on your real estate
 22 marketing you had already made \$1 million?
 23 A That is -- that is correct, but I will
 24 have to check the statements to see where those
 25 came -- what I got to give you a better answer on

Page 223

1 trades for them even matters. You're giving them
2 financial guidance, correct?

3 A I'm -- I would say no because the --
4 the decision -- you know, like I could tell you,
5 okay, to buy certain coins because I think --
6 personally think that it's going to go down, but
7 at the end of the day, you are the ones who's
8 going to make the final decision to buy it or
9 not.

10 Q Right. But you are telling people on a
11 one-on-one basis, here's what I think you should
12 do, but you're leaving it to their discretion
13 whether or not to do it; is that right?

14 A Yes. Yes, ma'am.

15 Q Okay. Were you not honestly reporting
16 your financials before?

17 A Yes. Yes, I was. Yes, ma'am.

18 Q He says, Once we can honestly report
19 our financials.

20 A But that -- he has no clue, but I do
21 report my financials.

22 Q So, what is he referencing here?

23 A I -- I have no idea, ma'am.

24 Q Okay.

25 A I did my taxes and everything.

Page 224

1 Q Okay.

2 A And the company's taxes.

3 Q Okay.

4 MS. HARRIS: Let's go to page ending in
5 812, please.

6 Q Middle of the page the message that Gio
7 or Georgio sent to you on October 27th, 2021 at
8 11:45 a.m, Brother, just to circle back on this
9 morning's conversation. I really wished we could
10 engage our attorneys about getting us the
11 position to apply to the SEC for a financial
12 advisory license. I just see a really good
13 future for CFX if we can get over this hurdle.
14 CFX is CryptoFX, correct?

15 A Yes, ma'am.

16 Q Why is he wanting to apply for a
17 financial advisory license?

18 A Because he knows that the big goal that
19 we have as a corporation, as a company, my vision
20 is to be one of these companies, but -- you know.
21 So, that's why he was telling me that.

22 Q But you were previously not giving
23 financial advice. Is that my understanding?

24 A Well, no. We're actually -- no, I'm
25 not giving financial advice. We are -- it's

Page 225

1 completely different. So, this is in the crypto
2 space that we're doing it, but it's not financial
3 advice. This is more on the long-term scale that
4 where we envisioning to be in -- in the future,
5 you know.

6 Q Okay. So, I'm -- I'm a little bit
7 confused, you know, about the advice thing and
8 about how you say the end of the day they're
9 not -- that you're -- that it's up to them to
10 execute because some people -- some of your
11 students, you're -- you're also doing their
12 crypto wallets, right? Because they've also given
13 you loans.

14 So, there are some students that attend
15 your classes, hear your financial guidance and
16 kind of what you would do, et cetera, et cetera.
17 And then, you are also taking their money and
18 executing those trades, correct?

19 A Yes, ma'am.

20 Q Okay. So, there are some people that
21 you're saying, Here's what I, Mauricio Chavez,
22 would do and then you are executing upon that
23 plan with their money, right?

24 A On -- you mean on the loans that they
25 give us, correct?

Page 226

1 Q Yes.

2 A Yes, ma'am.

3 Q Their money, yes.

4 A Yes, ma'am.

5 Q Okay. What attorney is he talking
6 about?

7 A I don't know if he's talking about Bill
8 Rapp.

9 Q Okay. Did you ever consider applying
10 for a license before?

11 A Yes, ma'am.

12 Q Okay. When?

13 A Since 2021 up to that as well.

14 Q And that's because you just have a
15 broader vision of the company?

16 A Well, you know, the thing is that we
17 haven't grown or nothing because we -- you know,
18 because we need the license, you know. We want
19 to be in the vendor space. We want to be -- so,
20 another -- I mean, that was always the vision,
21 you know.

22 Q Right. But it's your testimony that,
23 you know, you would get a license to do things in
24 the future. You're not getting a license because
25 of past conduct, right?

Page 231

1 Q Okay.
 2 A -- the end of this month.
 3 Q Okay. But this is back in December.
 4 We're sitting in February. So, I want to
 5 understand, where did you guys get the money to
 6 pay -- where did CBT get the money to pay for the
 7 rent for these previous two to three months?
 8 A With -- right now it has been with --
 9 with the money that CBT has from the loans that
 10 it got -- obtained.
 11 Q Okay. So, did you ever disclose to
 12 investors that you were using this money to pay
 13 for a new building?
 14 A I would have to double check on that.
 15 I -- that's something I have to get with Georgio
 16 on.
 17 Q Okay. You don't know whether or not
 18 you disclosed to investors that this is for a new
 19 building?
 20 A No, ma'am.
 21 Q Is CryptoFX paying CBT?
 22 A Yes, ma'am.
 23 Q How much?
 24 A I believe it's \$30,000.00 per month.
 25 Q Have you ever disclosed to any CryptoFX

Page 232

1 investors that their money is going indirectly to
 2 CBT?
 3 A It's not going indirectly because we
 4 are paying the rent to CBT.
 5 Q Okay.
 6 A But, I mean, it's from CryptoFX
 7 earnings.
 8 Q Right. But it's being paid to CBT
 9 because CBT has the sublease, right?
 10 A Yes, ma'am.
 11 Q Okay. And CryptoFX investors are
 12 paying for the -- you know, the overhead of
 13 CryptoFX, right?
 14 A The profits, correct. Yes, ma'am.
 15 Q Right. Right. So, it's being paid out
 16 of the profits of CryptoFX. And those profits,
 17 30,000 per month, are going to CBT?
 18 A Yes, ma'am.
 19 Q Okay. In order to promote CBT as a
 20 real estate development firm, correct?
 21 A Correct.
 22 Q So, at any point have you ever told
 23 CryptoFX investors that their money is indirectly
 24 being used to promote CBT as a real estate firm?
 25 A To the -- to the ones that have the

Page 233

1 loans with us, yes, ma'am.
 2 Q That -- that's almost the entire
 3 CryptoFX business. So, I want to make sure I'm
 4 clear. You told --
 5 A Oh. So, you -- you're talking about
 6 the whole CryptoFX.
 7 Q No. Everyone that's given you money in
 8 loans. Let me -- go ahead.
 9 A You mean for CryptoFX? Everybody
 10 that's given me money for CryptoFX?
 11 Q Yes.
 12 A No, ma'am. No, ma'am. I have not told
 13 all of them.
 14 Q Okay. So, just so the record is clear,
 15 you have not disclosed to CryptoFX investors that
 16 their money is being used to pay indirectly to
 17 pay the rental money so that CBT can kind of
 18 launch as a real estate development firm?
 19 A Correct.
 20 Q Okay. And what's happening here is
 21 that you are funneling money from -- our
 22 funneling profits from CryptoFX to CBT, right?
 23 A Can you rephrase that, please.
 24 Q Sure. What's happening here is that
 25 you're funneling -- you're transferring money

Page 234

1 from CryptoFX to CBT, correct?
 2 A No, ma'am.
 3 Q How is that not correct if CBT is
 4 directly paying Crypto -- or CryptoFX is directly
 5 paying CBT in rental fees?
 6 A That \$30,000.00 a month.
 7 Q Yeah.
 8 A But the \$30,000.00 a month comes from
 9 the profits of CryptoFX.
 10 Q You just answered my question.
 11 So, you are taking CryptoFX profits and
 12 putting that money into CBT, right?
 13 A Correct.
 14 Q Okay. Is \$30,000.00 a month, do you
 15 know if that's market around wherever this
 16 building?
 17 A It's a big building. So, that's --
 18 that's why. And also what happened was that CBT
 19 put in money to remodel it. So, that's why it's
 20 30,000.
 21 Q Okay. Did the CryptoFX investors know
 22 that they're -- that the rental money -- let me
 23 strike that. Rephrase.
 24 Do the CryptoFX investors know that
 25 their money is being paid to help remodel the CBT

Page 235

1 space?

2 A Could you rephrase that 'cause I --

3 Q Well, sure. So, when you take a loan
4 from the CryptoFX investors, when you take these
5 loans, are you telling them that you are paying
6 your other real estate -- your -- your other
7 company and remodeling the space?

8 A No, ma'am, because the \$30,000.00 that
9 are coming from the profits -- from the earnings
10 that CryptoFX gets.

11 Q And those earnings are from investor
12 money, correct?

13 A Remember where I separate the
14 commissions, but that is from the people that
15 lend us the money and the one that pay for the
16 company. So, the company is the one that is
17 paying from the earnings made from the profits
18 from the loans.

19 Q The company's earnings, it's my
20 understanding, is from the investor loans, right?

21 A Yes, ma'am.

22 Q And that money is paying that
23 \$30,000.00 per month, correct?

24 A Yes, ma'am.

25 Q And that money is going to renovate the

Page 236

1 CBT space, correct?

2 A Yes, ma'am.

3 Q And the investors -- the CryptoFX
4 investors do not know that that money is being
5 paid to renovate the CBT space, correct?

6 A No. No.

7 Q Okay. Thank you.

8 Do you operate out of -- do you operate
9 CryptoFX out of the Bay Lock space?

10 A Yes, ma'am.

11 Q Okay. How many of your employees are
12 in the Bay Lock space?

13 A Like ten.

14 Q How many employees do you have total?

15 A I would say about 20.

16 Q And their headquarters are entirely in
17 that Bay Lock space?

18 A Yes, ma'am.

19 Q Okay. So, when -- if I'm a CryptoFX
20 employee and I go to work, I'm driving to the Bay
21 Lock space. I'm not driving to the previous Town
22 and Country address, right?

23 A Correct.

24 Q Okay. And how did you determine
25 \$30,000.00 per month?

Page 237

1 A We determined that through what the
2 lease was of the space, plus the remodeling fees
3 that we have paid. That way CBT doesn't lose
4 money. The money that have -- that is put in
5 to -- to remodel the -- the space.

6 Q Okay. So, to prop up one company
7 you're taking money from your other company; is
8 that right?

9 A From the other company's profits,
10 correct.

11 Q Okay. So, to make sure that CBT is
12 solvent you are taking money from CryptoFX --
13 CryptoFX's profits, right?

14 A Yes, ma'am.

15 Q All right.

16 MS. HARRIS: Let's go to 823.

17 Q Actually, let me wrap up one question
18 here. \$30,000.00 per month, when did CryptoFX
19 start paying that?

20 A January.

21 Q Out of what account?

22 A That one was a -- that actually was a
23 cash payment.

24 Q Okay. A cash payment?

25 A Yes, ma'am.

Page 238

1 Q So, where did you withdraw the cash
2 from?

3 A It was through the classes that we do.
4 So, the classes that we do for -- for CryptoFX.

5 Q Okay. So, you took money -- the cash
6 from the classes.

7 A Uh-huh.

8 Q And you had \$30,000.00 in cash?

9 A Yes, ma'am. That was from the -- from
10 the classes from the academy.

11 Q Okay. And you paid CBT. Was this
12 money all from cash -- or, excuse me, was this
13 money all from the classes or was this money
14 investor money?

15 A No, that was not -- that was not
16 investor money. That was from the -- from the
17 classes themselves.

18 Q Okay. Mr. Chavez, you've said two
19 things here. The money from the classes --

20 A I'm sorry, could you rephrase that? I
21 apologize, ma'am, my mind is --

22 Q No. It's -- I want to understand
23 because I -- I think we've said two things here.
24 It was my understanding you were taking investor
25 money and using that to pay for the rent. Is

Page 243

1 Q You previously testified that you had
2 one business account on the Blockchain account
3 and that was a CryptoFX. Is it now your
4 testimony that you have two business accounts on
5 the Blockchain account?
6 A For CryptoFX I only one, correct.
7 Now -- but for CBT, I have one account for CBT
8 for Blockchain as well.
9 Q You have two business accounts on the
10 Blockchain account; is that correct?
11 A That is correct. Yes, ma'am.
12 Q Anymore business accounts?
13 A No, ma'am.
14 Q Anymore personal accounts?
15 A No, ma'am.
16 Q Do you have -- go ahead.
17 A No. No. Not that I recall. No.
18 Q Do you have any other accounts on any
19 other exchanges for CryptoFX?
20 A No, ma'am.
21 Q Or, excuse me, any other accounts on
22 any other exchanges for CBT?
23 A No, ma'am.
24 Q So, you just have this one Blockchain
25 account. And you transferred \$30,000.00 from the

Page 244

1 Bitcoin account for CryptoFX to the CBT Bitcoin
2 account; is that right?
3 A Yes, ma'am.
4 Q Okay.
5 MS. HARRIS: All right. Let's go to
6 820.
7 Q Bottom third of the page Georgio sends
8 you a message saying on November 18th, 2021 at
9 11:34, I have a friend by the name of Tanya that
10 is opening up a \$100,000.00 contract today. I
11 have her going to Eddie directly. Then he says,
12 Get her to make that check out to the CBT Group,
13 wink, wink. And you say, Yes, Bro. Explain to me
14 what this means?
15 A Okay. What he's saying that he has a
16 friend that is going to put in \$100,000.00
17 into -- into the loan, but through -- that he's
18 going to put in into the CBT Group loan.
19 Q So, you have Tanya doing a \$100,000.00
20 crypto contract account for the services of
21 CBT -- or for the services of CryptoFX, correct?
22 A No. It's for the CBT account that he's
23 put in.
24 Q That's not what I asked. Tanya is --
25 has a contract for \$100,000.00 for the CryptoFX

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1 services, i.e., this \$100,000.00 is for crypto
2 trading. Is that incorrect?
3 A Can you give me a second to read it?
4 Q Sure.
5 A Okay. I have a friend --
6 (Whereupon, witness reviews Exhibit.)
7 A Yes, that's -- that's actually --
8 that's actually a friend -- a friend of Georgio
9 that is putting up \$100,000.00 loan, but he wants
10 that friend to put it into the CBT Group,
11 correct.
12 Q Right. But what is the \$100,000.00
13 loan for? Because it says \$100,000.00 contract.
14 And in previous correspondence that has been to
15 signify a CryptoFX contract. So, is Tanya
16 getting CryptoFX services?
17 A On that particular -- yeah. That
18 particular person, yes, ma'am.
19 Q Okay. So, Tanya is putting up
20 \$100,000.00 for you to invest in the
21 cryptocurrency market, correct?
22 A Correct.
23 Q But you're having the check made out to
24 CBT Group and CBT Group does not to
25 cryptocurrency trading, correct?

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1 A Correct.
2 Q So, why are you having her make it out
3 to the CBT Group?
4 A That's one of Georgio's friend. That's
5 why at that time they -- they decided that --
6 that's one of Georgio's friends. I don't have
7 anymore details on that particular person.
8 Q Could it be because the CBT Group
9 needed cash in their account?
10 A I don't -- I cannot give you an answer
11 of that right now, Ms. Harris.
12 Q Okay. But you do approve of CryptoFX
13 investors, which Tanya is, writing checks to your
14 real estate development company?
15 A Could you rephrase -- repeat that? I'm
16 sorry.
17 Q I can repeat it.
18 You do approve of CryptoFX investors
19 like Tanya writing checks to your real estate
20 company?
21 A On that particular person, Georgio
22 talked to Tanya, that's why we did this.
23 Q Mr. Chavez, you didn't answer my
24 question. It states right here, you say, Yes,
25 Bro. So, you did reply to his statement. It

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1 says, Get her to make that out to -- get her to
 2 make that check out to the CBT Group. And you
 3 say, Yes, Bro.
 4 I'll ask my question again. You do
 5 approve of CryptoFX investors making checks out
 6 to the CBT Group?
 7 A Yes, ma'am.
 8 Q Okay. Do you know if this happened any
 9 other time?
 10 A Not that I -- not that I recall, no,
 11 ma'am.
 12 Q Why wouldn't you want the check to be
 13 made out to CryptoFX?
 14 A Because I don't have a bank account.
 15 I'm -- I'm actually opening up a new bank account
 16 for CryptoFX, that's why.
 17 Q Why wouldn't you want her to pay you in
 18 Bitcoin or some other asset?
 19 A Because for \$100,000.00 to -- for that
 20 time to -- it's pretty difficult to get the
 21 Bitcoin. I guess they didn't have access to it,
 22 that's why.
 23 Q Fair enough.
 24 A They had it in a bank account and I
 25 guess she didn't want to. I don't have that

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1 information to be honest with you. I don't want
 2 to misstate it.
 3 Q Okay. But there's kind of a wink face
 4 and my concern is that you're directing money
 5 from one entity to another entity. And I guess
 6 my question is, did Miss -- did Tanya understand
 7 that her money was going to your real estate
 8 group when she was getting her CryptoFX services?
 9 A Yes. Yes. Because that's Mr.
 10 Georgio's friend and he talked to her about that.
 11 Q Did -- did he tell her that CBT was the
 12 real estate group and not the cryptocurrency
 13 group?
 14 A Yes, ma'am.
 15 Q You told her?
 16 A No. I didn't tell her. Mr. Georgio
 17 did.
 18 Q How did he tell her?
 19 A I don't know how he told her to be
 20 honest with you. I was not present at that time.
 21 Q Okay.
 22 A But he told me that he did.
 23 Q And she was fine with that?
 24 A Yes, ma'am.
 25 Q Okay. Did he tell her via -- do you

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1 know if he told her via e-mail or text message?
 2 A I believe it was in person to be honest
 3 with you.
 4 Q Do you know Tanya's last name?
 5 A No, ma'am.
 6 Q Would you have any records of Tanya
 7 phone number?
 8 A Yes.
 9 Q Would that be on the roster that we
 10 went over before?
 11 A I'm not sure. I will have to double
 12 check, ma'am.
 13 Q Okay.
 14 MS. HARRIS: Let's go to 823.
 15 Q First thread on the page is a message
 16 sent from Georgio, November 23rd, 2021 at 11:53.
 17 He says, I need your help brother with one of our
 18 members Daisy Sosa, phone number (832) 447-0019.
 19 She currently has three contracts with us that
 20 have matured today. She is pretty upset and we
 21 need to this fire out.
 22 Please explain what that means.
 23 A That was a lady that was coming to get
 24 some commissions -- not commissions. You know,
 25 like the payments, to the office. And what

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1 happened was that she didn't have her contracts.
 2 And if she you don't have your contract, I mean,
 3 how we can -- we cannot pay you if you don't have
 4 your contract. So, that's why she was upset that
 5 the person that was helping her, she asked her
 6 for his contract, but she didn't have it with
 7 her. That's the reason she was upset.
 8 Q So, she paid you money and she's
 9 looking for her returns, correct?
 10 A Correct, but she didn't have the
 11 contracts present at the time when she came to
 12 the office.
 13 Q So -- go ahead.
 14 A I'm sorry. One of the -- the
 15 requisites in order for you to get the payments
 16 you have to have your contracts present because
 17 we need to validate if it is you or not.
 18 Q You have to have the paper contracts,
 19 is that right, to get paid?
 20 A Yes, ma'am.
 21 Q So, everyone has to come to the office
 22 in order to get paid?
 23 A No, ma'am.
 24 Q So, how can they -- how can you ever
 25 validate if the person has a contract?

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1 in there?

2 A That's the only money.

3 Q Yeah, but he says, Let's get our money

4 out first. Let's get our money first, sorry. I'm

5 misquoting. The text is, Let's get our money

6 first.

7 A What he means by our money, I'll say

8 it -- it's like the profits -- the profits that

9 that particular account generated. So, what he

10 means is that his commission that he would get

11 for those trades that were made that were more

12 profitable.

13 Q So, he's leaving in 200K for the less

14 profitable trades and getting out the money that

15 he -- for his commissions first?

16 A Yes. What -- what he's saying is that,

17 Let's leave 200K in that broker account. So,

18 what he meant to take the profits out of the

19 broker account and only leave \$200.00 in the

20 Forex account.

21 Q Okay. What's the broker account?

22 A KOT.

23 Q Okay. KOT is the broker account, okay.

24 So, here he's just saying, And leave

25 200K in the -- in -- help me understand. What

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1 does it mean, Withdraw everything in the account

2 and only leave 200K in it?

3 A What he means is to withdraw --

4 withdraw the profits. Like, for instance, if we

5 made \$1 million from the -- so, only leave 200

6 there and take out the 800,000.

7 Q Okay. Okay. And that 800,000 would

8 include his commissions, your commissions and

9 then principal of the investor money?

10 A His commission and the -- and the --

11 correct, the student's loan money, profits.

12 Q He did Forex trading through your one

13 KOT account, right?

14 A Yes, ma'am.

15 Q There was no other account?

16 A No, ma'am.

17 Q Okay. And so, any other Forex trading

18 that he did, did not include any sort of investor

19 funds, right?

20 A Correct.

21 Q Okay. I'm mindful that we just took a

22 break, but I want to ask to take another one here

23 because I want to wrap everything up now and look

24 over my notes.

25 MS. HARRIS: So, let's go off the

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1 record and come back on the record at -- let's do

2 it at 5:07. And we can try and wrap things up.

3 (Brief recess taken at 5:02 p.m.

4 Central Time.)

5 MS. HARRIS: Let's go back on the

6 record at 5:08 p.m. Central Time.

7 BY MS. HARRIS:

8 Q All right. Mr. Chavez, I don't have

9 any other questions on this document, but I do

10 have just some other questions.

11 Are you still currently taking on

12 investors?

13 A After the subpoena was taking place we

14 no longer, you know, promoting the -- the

15 business now, so.

16 Q Okay. So, you haven't gotten any loans

17 since you received the subpoena?

18 A For -- not for CryptoFX.

19 Q What about for CBT?

20 A I would have to check on that.

21 Q What about for Maurizio Group?

22 A No, ma'am.

23 Q And what are your plans for the future

24 for CryptoFX?

25 A The goal would be to, you know, get a

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1 license. That's the -- that's the main goal.

2 And to go, you know, that route. More of a --

3 not just crypto itself, but different options,

4 areas of trading and investing in different --

5 other areas as well.

6 Q Did you -- do you plan on continuing

7 the classes?

8 A Yes, ma'am.

9 Q What about your goals for CBT?

10 A To get that going and -- and really

11 launch a -- a development group that -- that was

12 the vision.

13 Q What are your target real estate

14 opportunities? What are you looking at?

15 A Our -- our goal is to start generating

16 developments where we can start getting units.

17 Goal is to have 1,000 units in the next couple of

18 years.

19 Q So, you're looking at places where you

20 can do multi-unit properties?

21 A That is correct. Yes, ma'am.

22 Q So, are we talking apartments or --

23 Apartment, townhomes.

24 Q In the Houston area, is that my

25 understanding?

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1 A To start, yes.
 2 Q Are you looking at launching CBT in El
 3 Salvador still?
 4 A Not until we have established track
 5 record.
 6 Q Are you looking anywhere else
 7 internationally?
 8 A No, ma'am.
 9 Q Okay. And you may have still -- and
 10 you're still receiving loans for CBT, right?
 11 A We have not as of now, but I have to
 12 double check on that.
 13 Q Okay. What about Maurizzio Group, what
 14 is the future there?
 15 A Maurizzio Group, to be honest with you,
 16 CBT is now the goal to get that going. So
 17 Maurizzio is not.
 18 Q Is it correct to say that Maurizzio
 19 Group is non operational?
 20 A Correct.
 21 Q So, unless Jim or Jamie have any
 22 questions I'll ask my sort of final ones that Jim
 23 talked about before.
 24 Okay. So, Mr. Chavez, we've been going
 25 all day today and I appreciate your patience with,

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1 me. Anything you want to clarify from your
 2 testimony today?
 3 A No. Just pretty much want to add that,
 4 you know, the vision of our academy was to really
 5 help people out and really guide them in the
 6 right directions because they were misleading by
 7 so many companies coming out left and right,
 8 closing two, six months and really just hurting
 9 people. Our goal was to educate them. And we
 10 never focus on money or never focus on quantity.
 11 We're not waiting to fund or get funds. Nothing
 12 now.
 13 Our goal is to help as many people as
 14 possible to really learn the concept of the
 15 crypto industry and really make them aware and
 16 understand that even though it's a great
 17 industry, but it's a risky industry as well. So,
 18 they have to be very careful and why they really
 19 do it. So -- and, you know, in any way that we
 20 can cooperate, of course, you know, we very happy
 21 to.
 22 Q Thank you, Mr. Chavez.
 23 MS. HARRIS: Mr. Sklar, anything you
 24 would like to clarify on the record?
 25 Mr. Sklar?

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1 MR. ETRI: John, you're still --
 2 MR. SKLAR: Yeah. I'm sorry. There's
 3 nothing I'd like to clarify at this time. I know
 4 that we will be talking shortly with some
 5 follow-up, but there's nothing on the record
 6 right now I'd like to clarify.
 7 MS. HARRIS: Okay. And would you like
 8 to ask your client any questions on the record?
 9 MR. SKLAR: Not at this time.
 10 MS. HARRIS: Okay.
 11 Anyone have anything else for
 12 clarification?
 13 MR. SKLAR: No. I'm -- I just -- I
 14 think this went pretty smoothly and I think it
 15 worked pretty well.
 16 MS. HARRIS: Yes. Despite our
 17 technical difficulties.
 18 Okay. With that, we will go off the
 19 record at 5:14.
 20 (Whereupon, at 5:14 p.m., the
 21 examination was concluded.)
 22 * * * * *

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1 PROOFREADER'S CERTIFICATE
 2 In the Matter of: CRYPTOFX LLC
 3 Witness: Mauricio Chavez
 4 File Number: FW-04464-A
 5 Date: Thursday, February 10, 2022
 6 Location: Fort Worth, Texas 76102
 7
 8 This is to certify that I, Donna S. Raya,
 9 (the undersigned), do hereby certify that the
 10 foregoing transcript is a complete, true and
 11 accurate transcription of all matters contained on
 12 the recorded proceedings of the investigative
 13 testimony.
 14
 15 _____ 2/22/2022
 16 (Proofreader's Name) (Date)
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PROOFREADER'S CERTIFICATE

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In The Matter of: CRYPTOFX, LLC
Witness: Mauricio Chavez
File No. FW-04464-A
Date: Thursday, November 18, 2021
Location: Fort Worth, TX

This is to certify that I, Maria E. Paulsen,
(the undersigned), do hereby certify that the foregoing
transcript is a complete, true and accurate
transcription of all matters contained on the recorded
proceedings of the investigative testimony.



11/23/2021

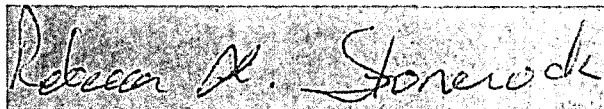
(Proofreader's Name) (Date)

CERTIFICATE OF SHORTHAND REPORTER - NOTARY PUBLIC

I, Rebecca L. Stonerock, Registered Professional Reporter, the officer before whom the foregoing proceedings were taken, do hereby certify that the foregoing transcript is a true and correct record of the proceedings; that said proceedings were taken by me stenographically and thereafter reduced to typewriting under my supervision; and that I am neither counsel for, related to, nor employed by any of the parties to this case and have no interest, financial or otherwise, in its outcome.

My commission expires:

October 14, 2022

A rectangular box containing a handwritten signature in cursive script that reads "Rebecca L. Stonerock".

NOTARY PUBLIC IN AND FOR

THE DISTRICT OF COLUMBIA

Harris Declaration Exhibit B

EXHIBIT B

DECLARATION OF MAURICIO CHAVEZ

I, Mauricio Chavez, hereby declare under penalty of perjury, in accordance with 28 U.S.C. § 1746, that the following is true and correct:

1. My name is Mauricio Chavez. The staff of the United States Securities and Exchange Commission (the “Commission”) served me with a subpoena dated April 28, 2022 requiring me to appear for testimony before, the staff of the Commission on June 8, 2022 (the “SEC Subpoena”) in connection with its investigation captioned *In the Matter of CryptoFX, LLC*. (FW-04464) (the “Investigation”). A true and correct copy of the subpoena is attached hereto as Exhibit A.

2. I have read the Order Directing Private Investigation and Designating Officers to Take Testimony dated October 12, 2021 (together the “Formal Order”). A true and correct copy of the Formal Order is attached hereto as Exhibit B.

3. I have read the Form 1662 notice entitled “Supplemental Information for Persons Requested to Supply Information Voluntarily or Directed to Supply Information Pursuant to a Commission Subpoena,” a copy of which is attached hereto as Exhibit C, and I understand the information set forth therein.

4. I understand that the statements made in this Declaration are made subject to the penalties for perjury under 18 U.S.C. § 1621 and for false statements under 18 U.S.C. § 1001.

5. I informed Commission staff that at my testimony on June 8, 2022, I would assert the privilege against self-incrimination in response to all questions or inquiries related to the Investigation. I understand that the Commission is accepting this declaration in lieu of a personal appearance on June 8, 2022. By allowing me to submit this Declaration, the Commission does not waive its right to seek my testimony or documents at a later date, including with respect to any investigation, lawsuit, administrative proceeding, or other legal proceeding related to this matter, nor do I waive any rights that are otherwise afforded me with respect to any investigation, lawsuit, administrative proceeding, or other legal proceeding related to this matter.

6. With respect to the following topics and questions, I decline to answer based on *Ohio v. Reiner*, 532 U.S. 17 (2001) and my Constitutional Rights include the Fifth Amendment to the U.S. Constitution and Article 1 of the Texas Constitution:

- (a) Background, biographical information, and work history;
- (b) Information regarding CryptoFX, LLC (“CryptoFX”), Maurizzio Group, LLC (“Maurizzio Group”), and/or CBT Group, LLC (“CBT Group”), including any and all of its officers, directors, members, employees, independent contractors, agents, affiliates, related entities, or

representatives;

- (c) Information regarding my direct or indirect communications, agreements, relationship or business dealings with CryptoFX, including any officers, directors, members, agents, affiliates, related entities, representatives, employees, or independent contractors who worked at or for CryptoFX;
- (d) Information regarding my direct or indirect communications, agreements, relationship or business dealings with Maurizzio Group including any officers, directors, members, agents, affiliates, related entities, representatives, employees, or independent contractors who worked at or for Maurizzio Group;
- (e) Information regarding my direct or indirect communications, agreements, relationship or business dealings with CBT Group, including any officers, directors, members, agents, affiliates, related entities, representatives, employees, or independent contractors who worked at or for CBT Group;
- (f) Information regarding my direct or indirect communications, agreements, relationship or business dealings with John Fernandez, Avail Progression Investments, LLC or Elite Generators, LLC;
- (g) Information regarding any investments offered or sponsored by CryptoFX, including, but not limited to:
 - 1. whether I knew investor funds were being used to pay obligations owed to new or prior investors;
 - 2. whether I knew student class funds were being to pay obligations owed to new or prior investors;
 - 3. whether I knew investor funds were being used to pay for fund land acquisitions, real estate development expenses, and/or other overhead expenses incurred by CBT Group;
 - 4. whether I knew CryptoFX used investor funds to pay expenses unrelated to CryptoFX's businesses purposes;
 - 5. whether I failed to tell individuals material information, or made material misrepresentations to individuals, in order to secure their financial investments; and
 - 6. whether I knew if others omitted to tell individuals material information, or made material misrepresentations to individuals, in order to secure their financial investments.

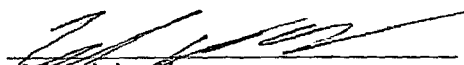
- (h) Information regarding whether I was licensed or qualified to trade or sell securities to individuals from January 1, 2019 to present;
- (i) Information regarding whether I knew if others operating under my direction, or others compensated by CryptoFX were licensed or qualified to trade or sell securities to individuals from January 1, 2019 to present;
- (j) Information regarding any salaries, bonuses, or commissions or other transaction-based compensation paid in connection with the issuance, execution, making, or sale, by my or CryptoFX of promissory notes or securities;
- (k) Information regarding whether CryptoFX was a registered investment adviser from 2019 to current;
- (l) Information regarding whether I or CryptoFX gave individualized advice regarding the purchase, sale, and trading of crypto assets, currencies, and other securities;
- (m) Information regarding any salaries, bonuses, or commissions paid in connection with individualized advice regarding the purchase, sale, and trading of crypto assets, currencies, and other securities;
- (n) Information regarding whether I knew CryptoFX investors were appropriately accredited, qualified, or sophisticated to purchase CryptoFX securities;
- (o) Information regarding whether I knew if any of CryptoFX's officers, directors, members, employees, independent contractors, agents, affiliates, or representatives confirmed whether investors were appropriately accredited, qualified, or sophisticated to purchase CryptoFX securities;
- (p) Information regarding promises, assurances, guarantees, and claims made to investors or potential investors, including, without limitation, related to how funds provided to me and/or CryptoFX, Maurizzio Group, CBT Group, or any of its employees, independent contractors, consultants, would be invested or otherwise used;
- (q) Information regarding the following:
 - 1. the sources of income for me, CryptoFX, Maurizzio Group, and/or CBT Group, including, any officers, directors, members, employees, independent contractors, agents, affiliates, related entities or representatives;

2. profits and losses generated by me and/or CryptoFX, Maurizzio Group, and/or CBT Group, including, any officers, directors, members, employees, independent contractors, agents, affiliates, related entities or representatives;
 3. whether I, CryptoFX, Maurizzio Group, and/or CBT Group, including, any officers, directors, members, employees, independent contractors, agents, affiliates, related entities or representatives, pooled investor funds in a common enterprise, with the expectation of profits to come solely from my efforts or the efforts of others employed by, connected to, consulting for, or otherwise affiliated with me or such entities;
 4. the sufficiency of assets, reserves, and investments held by CryptoFX, Maurizzio Group, and/or CBT Group, to cover all amounts due under any and all relevant promissory notes, contracts, agreements, and other liabilities, including guaranteed returns to investors; and
 5. the source of any funds used to pay principal and interest to investors, or otherwise make payments, returns on investment, or any other money transfers to any investors, by or on behalf of me, CryptoFX, Maurizzio Group, and/or CBT Group.
- (r) Information regarding whether CryptoFX, Maurizzio Group, CBT Group, or I, directly or indirectly, made use of the mails or of the means and instrumentalities of interstate commerce in connection with the transactions, acts, practices, and course of business in all matters relating to, or arising from, the Investigation;
- (s) My personal liabilities and finances; and
- (t) Current or contemplated business activities in which I am involved.

7. The SEC has told me that, by refusing to answer questions posed to me based on my Fifth Amendment privilege, a judge or jury may take adverse inference against me in a civil action that the Commission may bring against me.

I, Mauricio Chavez, declare under penalty of perjury that the foregoing is true and correct.

Executed on the 7th day of June __, 2022, at Houston, Texas.


Mauricio Chavez